

2009 Explanatory Notes

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EXECUTIVE OPERATIONS

OFFICE OF THE CHIEF ECONOMIST

Purpose Statement

The Office of the Chief Economist (OCE) was created by the Secretary of Agriculture on October 20, 1994, under the authority of the Department of Agriculture Reorganization Act of 1994, Public Law 103-354.

OCE advises the Secretary of Agriculture on the economic implications of Department policies, programs and proposed legislation. OCE serves as the focal point for the Nation's agricultural economic intelligence and projections, risk analysis, global change issues, and cost-benefit analysis related to domestic and international food and agriculture, provides policy direction for the Department's bioenergy and biobased product programs, and is responsible for coordination, review and clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

Activities include: policy and program analysis; regulatory reviews; information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; coordination of weather, climate and remote sensing activities; coordination of sustainable development activities; coordination of global change research and issues; energy policy analysis; and analysis of issues and developments affecting agricultural labor.

OCE produces, on a daily, weekly and monthly basis, regularly scheduled information releases to advise the Secretary and the public on developments affecting agricultural markets and the rural economy. The office coordinates interagency development of forecasts and projections by drawing together a variety of experts to assure objective and sound analysis. The office uses memos and briefings to advise the Secretary of the consequences of market developments, program changes, and legislative proposals. The office provides economic analysis of Department policy positions to the Congress and the public. The office participates in the development of reviews, and clears all regulatory impact and risk analyses of Departmental significant, economically significant, and major rules to ensure they are based on objective, appropriate, and sound economic and risk analyses. The office coordinates USDA's global climate change research program, conducts policy analysis on global climate change issues, coordinates activities with other Federal agencies, represents USDA on U.S. delegations to international climate change discussions, and facilitates communication and outreach to producers and agricultural interest groups.

OCE Headquarters is located in Washington, D.C. OCE has one field unit located in Stoneville, Mississippi for weather data collection and analysis. As of September 30, 2007, there were 54 full-time permanent employees and 5 other than full-time permanent employees. These employees were assigned as follows:

<u>Location</u>	<u>Full-time Permanent</u>	<u>Other</u>	<u>Total</u>
Washington, D.C.	53	5	58
Field Unit	<u>1</u>	<u>0</u>	<u>1</u>
Total	<u>54</u>	<u>5</u>	<u>59</u>

OCE did not have any Office of Inspector General or Government Accountability Office evaluation reports during the past year.

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OFFICE OF THE CHIEF ECONOMIST

Available Funds and Staff Years
2007 Actual and Estimated 2008 and 2009

<u>Item</u>	<u>2007</u> <u>Actual</u>		<u>2008</u> <u>Estimate</u>		<u>2009</u> <u>Estimate</u>	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation.....	\$10,486,610	54	\$10,487,000	54	\$12,584,000	57
Rescission	--	--	-73,000	--	--	--
Transfer from Commodity Credit Corporation.....	+2,000,000	--	--	--	--	--
Total, Agriculture Appropriations..	12,486,610	54	10,414,000	54	12,584,000	57
<u>Obligations under other</u>						
<u>USDA appropriations:</u>						
Global Change Program Office.....	813,389	3	833,000	3	0	--
Annual Outlook Forum.....	199,936	--	205,000	--	210,000	--
Total, Other USDA Appropriations.....	1,013,325	3	1,038,000	3	210,000	--
Total, Office of the Chief Economist...	13,499,935	57	11,452,000	57	12,794,000	57

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Permanent Positions By Grade and Staff Year Summary
2007 Actual and Estimated 2008 and 2009

Grade	2007			2008			2009		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
ES	5	--	5	5	--	5	5	--	5
GS-15.....	20	--	20	20	--	20	20	--	20
GS-14.....	5	1	6	5	1	6	5	1	6
GS-13.....	10	--	10	9	--	9	9	--	9
GS-12.....	7	--	7	6	--	6	6	--	6
GS-11.....	1	--	1	1	--	1	2	--	2
GS-10.....	2	--	2	2	--	2	1	--	1
GS-9.....	4	--	4	4	--	4	4	--	4
GS-7.....	3	--	3	2	--	2	2	--	2
GS-6.....	3	--	3	1	--	1	1	--	1
GS-5.....	1	--	1	1	--	1	1	--	1
GS-2.....	1	--	1	0	--	0	0	--	0
Total Permanent Positions	62	1	63	56	1	57	56	1	57
Unfilled Positions End-of-Year	-9	--	-9	--	--	--	--	--	--
Total, Permanent Full -Time Employment, End-of-Year	53	1	54	56	1	57	56	1	57
Staff Year Estimate	56	1	57	56	1	57	56	1	57

Note: Positions shown are appropriated and reimbursed.

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OFFICE OF THE CHIEF ECONOMIST

Appropriations Language

For necessary expenses of the Office of the Chief Economist, including economic analysis, risk assessment, cost-benefit analysis, energy and new uses, and the functions of the World Agricultural Outlook Board, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), [\$10,487,000] \$12,584,000.

Lead-Off Tabular Statement
and Summary of Increases and Decreases

Salaries and Expenses

Appropriations Act, 2008.....	\$10,487,000
Budget Estimate, 2009.....	<u>12,584,000</u>
Increase in Appropriation	<u>+2,097,000</u>

Adjustments in 2008:

Appropriations Act, 2008.....	\$10,487,000
Rescission under P.L. 110-161 <u>a/</u>	<u>-73,000</u>

Adjusted base for 2008	10,414,000
Budget Estimate, 2009.....	<u>12,584,000</u>
Increase over adjusted 2008	<u>+2,170,000</u>

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>2008 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>2009 Estimated</u>
Office of the Chief Economist.....	\$10,414,000	+\$237,000	+\$1,933,00	\$12,584,000

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OFFICE OF THE CHIEF ECONOMIST

PROJECT STATEMENT
(On basis of adjusted appropriation)

	<u>2007 Actual</u>		<u>2008 Estimated</u>		<u>Increase or Decrease</u>	<u>2009 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
Office of the Chief Economist	\$12,296,106	54	\$10,414,000	54	+\$2,170,000	\$12,584,000	57
Unobligated Balance	190,504	--	--	--	--	--	--
Total Available or Estimate	12,486,610	54	10,414,000	54	+2,170,000	12,584,000	57
Transfer from Commodity Credit Corporation	-2,000,000	--	--	--			
Rescission	--	--	+73,000	--			
Total, Appropriation	10,486,610	54	10,487,000	54			

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OFFICE OF THE CHIEF ECONOMIST

Justifications for Increases and Decreases

An increase of \$2,170,000 for the Office of the Chief Economist (OCE) consisting of:

- (a) A total increase of \$237,000 to fund increased pay costs.

This increase is needed to maintain the current level of staffing to ensure that OCE can carry out its full range of responsibilities and agency goal. OCE would be adversely affected in its ability to execute its mission without the increase for pay costs. OCE is a small staff office with nearly three-quarters of its total budget used for salaries and benefits. OCE does not have the flexibility to continue to reduce non-salary expenses to absorb rising salary and benefit costs and maintain service levels.

- (b) An increase of \$1,500,000 to fund the Climate Change Program Office.

This initiative would create a new office, the Climate Change Program Office (CCPO), within the Office of the Chief Economist to coordinate the Department's climate change activities, represent the Department at Federal and international climate change meetings, and provide advice and analysis on issues related to climate change for the Department.

USDA has a unique and critical role in the government's efforts to understand and adapt to climate change and to develop and implement technologies and practices to address greenhouse gas emissions. The Global Climate Change Prevention Act of 1990 authorizes the Secretary of Agriculture to maintain a Global Climate Change Program in order to provide a focal point within the Department for coordinating all issues of climate change. CCPO will subsume the responsibilities of the existing Global Change Program Office, which was constituted in 1997 and is currently funded through a shared cost assessment on USDA agencies that receive appropriations for climate change activities.

The newly formed CCPO would serve to implement and coordinate major climate change activities that require Department-wide coordination and input, including: 1) the development of systems to facilitate reporting and registering of greenhouse gas reductions and carbon sequestration in agriculture and forestry; 2) preparation of integrated economic and policy analysis to support strategic planning; and 3) coordination of USDA contributions to periodic national climate change scientific assessments. The CCPO will ensure that the Department meets its responsibilities to integrate climate change considerations into the research, planning, and decision-making processes of the Department.

CCPO activities will include serving as the USDA liaison to the inter-agency Climate Change Science Program and coordinating the terrestrial sequestration elements of the President's Climate Change Technology Program. Specific responsibilities of CCPO will include:

- (1) Conducting analysis, long range planning, research, and response strategies relating to climate change issues;
- (2) Providing liaison with other Federal agencies and offices on the issue of climate change;
- (3) Informing the Department of scientific developments and policy issues relating to the effects of climate change on agriculture and forestry, including broader issues that affect the impact of climate change on the farms and forests of the United States;

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(4) Recommending to the Secretary alternative courses of action with which to respond to such scientific developments and policy issues; and

(5) Ensuring that recognition of the potential for climate change is fully integrated into the research, planning, and decision-making processes of the Department.

CCPO will ensure that the Department is a source of objective and accurate analytical assessments of the effects of climate change and proposed mitigation strategies. CCPO will coordinate the implementation of USDA's responsibilities under the U.S. Voluntary Greenhouse Gas Reporting Registry. CCPO will coordinate technical support on issues related to climate change as they relate to forestry and agriculture to the Department of State and represent the Department in bilateral and multilateral international meetings on climate change, such as meetings held under the United Nations Framework Convention on Climate Change.

The Director of CCPO will serve as the Chair of the USDA Global Change Taskforce, which includes representatives of the Agricultural Research Service; Cooperative State Research, Education, and Extension Service; Natural Resources Conservation Service; Economic Research Service; Forest Service; Farm Service Agency; Rural Development mission area; Risk Management Agency; Foreign Agricultural Service; and the Office of Budget and Program Analysis.

- (c) An increase of \$433,000 to maintain the existing level of policy and program analysis support to the Department.

This funding will be used to fund operational activities, such as travel, staff training and development, and IT modernization which will help to assure that OCE maintains the quality and quantity of analysis and advice that is provided to the Secretary.

Geographic Breakdown of Obligations and Staff Years
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>		<u>2008</u>		<u>2009</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
District of Columbia.....	\$12,169,425	53	\$10,283,519	53	\$12,449,605	56
Stoneville, Mississippi.....	126,681	1	130,481	1	134,395	1
Subtotal, Available or Estimate...	12,296,106	54	10,414,000	54	12,584,000	57
Unobligated Balance	190,504	--	--	--	--	--
Total, Available or Estimate.....	<u>12,486,610</u>	--	--	--	--	--

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OFFICE OF THE CHIEF ECONOMIST

Classification By Objects
2007 Actual and Estimated 2008 and 2009

	<u>2007 a/</u>	<u>2008</u>	<u>2009</u>
Personnel Compensation:			
Washington, D.C	\$5,743,285	\$6,003,019	\$6,633,605
Field	97,681	100,981	104,395
11 Total personnel compensation.....	5,840,966	6,104,000	6,738,000
12 Personnel benefits	1,321,100	1,526,000	1,682,000
Total pers. comp. & benefits	7,162,066	7,630,000	8,420,000
Other Objects:			
21 Travel	200,084	200,000	268,000
22 Transportation of things	3,665	4,000	5,000
23.3 Communications, utilities, and misc. charges.....	114,205	114,000	118,000
24.0 Printing and reproduction.....	119,852	120,000	176,000
25.1 Advisory & Assistant Services.....	691,775	692,000	692,000
25.2 Other services.....	26,507	27,000	786,000
25.3 Purchases of goods and services from Government Accounts	17,939	18,000	18,000
25.4 Operations and Maintenance of Facilities	121,111	121,000	121,000
25.5 Agreements	3,587,279	1,237,000	1,678,000
26 Supplies and materials.....	246,374	246,000	272,000
31 Equipment	4,953	5,000	30,000
43 Interest and dividends.....	296	--	--
Total other objects.....	5,134,040	2,784,000	4,164,000
Total direct obligations.....	12,296,106	10,414,000	12,584,000
<u>Position Data:</u>			
Average Salary, ES positions	\$162,170	\$167,035	\$172,046
Average Salary, GS positions.....	\$89,773	\$92,466	\$95,240
Average Grade, GS positions	13.5	13.5	13.5

a/ Includes transfer from Commodity Credit Corporation.

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STATUS OF PROGRAM

The Office of the Chief Economist (OCE) advises the Secretary of Agriculture on the economic implications of Department policies, programs and proposed legislation. It serves as the focal point for: the Nation's agricultural economic intelligence and projections related to agricultural commodity markets; risk analysis and cost-benefit analysis related to international food and agriculture; sustainable development; energy issues related to the agricultural economy; agricultural labor; and global climate change. OCE is responsible for coordination, review and clearance of commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

Current Activities:

OCE provides policy and program analyses and advice for the Secretary on major issues affecting agriculture and rural America. The Immediate Office (IO) is addressing issues on: trade agreements and disputes; developments in agricultural commodity markets, such as effects of global weather developments and changes in production and trade patterns; economic issues related to plant and animal diseases, including bovine spongiform encephalopathy (BSE) and Avian Influenza (AI); farm programs; crop insurance improvements; sustainable development in agriculture and rural communities; global climate change and agriculture; conservation programs; agricultural labor; and Farm Bill issues.

The World Agricultural Outlook Board's (WAOB) primary mission is to provide reliable and objective economic forecasts for farmers and other participants in the food and fiber system. Functions include coordinating USDA forecasts of domestic and international agriculture; providing economic analysis related to global commodity markets; monitoring markets and agricultural weather; coordinating weather, climate, and remote sensing activities; and disseminating relevant information.

OCE clears all USDA significant, economically significant and major regulations for their regulatory impact analyses and risk analyses. OCE's Office of Risk Assessment and Cost-Benefit Analysis (ORACBA) reviews and approves statutorily required risk assessments for all major USDA regulations. ORACBA also serves as a focal point for Departmental activities related to risk analysis, including inter-Departmental activities; risk communication; education on risk analysis methods; regulatory reviews to ensure cost-effective, less burdensome regulations; and the integration of economic analysis and risk assessment.

OCE's Office of Energy Policy and New Uses (OEPNU) coordinates economic analysis of energy issues across USDA. OEPNU is also responsible for implementation of key 2002 Farm Bill energy title provisions. Section 9002 of the Farm Bill, which provides for preferred procurement of biobased products by Federal agencies (known as BioPreferred), and Section 9004, a biodiesel education program, are being implemented by OEPNU. OEPNU coordinated the USDA response for Congressional energy bills and the energy title of the 2007 Farm Bill. OEPNU, along with other USDA agencies and the Department of Energy, also assists in the implementation of Section 9008 of the Farm Bill, which funds biomass research and development.

OCE's Global Change Program Office (GCPO) coordinates global change activities for the Department and represents the Department on issues related to global change to other Departments, agencies and the public. GCPO works with USDA agencies to integrate climate change and greenhouse gas reduction considerations into their activities. GCPO coordinates the implementation of new voluntary greenhouse

gas reporting guidelines which allow farmers and landowners to track and report greenhouse gas reductions. GCPO facilitates USDA participation in the U.S. Climate Change Science Program (CCSP) and U.S. Climate Change Technology Program.

Selected Examples of Recent Progress:

World Trade Organization (WTO). IO staff continued to play a key role in the WTO multilateral trade negotiations (the Doha Development Round), especially with the Deputy Chief Economist being detailed to the U.S. Trade Representative (USTR) to serve as the Special Doha Agricultural Envoy. The IO provided economic analysis, position papers, and other staff support for the negotiations. The IO continued to support USTR in the WTO cotton case, participating in the compliance panel meeting. The IO worked closely with USTR and coordinated USDA's response to trade challenges by Canada and Brazil to U.S. agricultural subsidies. The IO coordinated the preparation of U.S. WTO domestic subsidy notifications for 2002 – 2005, working closely with the Economic Research Service, Farm Service Agency, Foreign Agricultural Service, and USTR.

Crop Insurance. The Chief Economist has served as Chairman of the Board of Directors of the Federal Crop Insurance Cooperation since January 2001 and presided over eight public meetings of the Board during fiscal year (FY) 2007. There were major accomplishments in the approval of a series of new programs including: a group risk plan for sugarcane, processing pumpkins, price insurance for milk, insurance for apiculture, a pilot program to reduce premiums for producers using certain triple-stack biotechnology-traited corn varieties, and a new discount for producers insuring the entire enterprise under one policy. The IO continues to provide analysis to the Risk Management Agency on a variety of topics including reinsurance and premium rates and methods for forecasting indemnities.

Farm Bill Theme Papers. During FY 2007, the Chief Economist led an inter-agency team responsible for preparing a series of theme papers to help educate the public on important issues in preparation for the 2007 Farm Bill. These theme papers, published in book form in late 2006, provided information and analysis on five topics—risk management, conservation and environment, rural development, energy and agriculture, and strengthening the foundation for future growth in U.S. agriculture. In addition, OCE was asked by the Secretary to lead the analysis of numerous Farm Bill options in the development of the Administration's 2007 Farm Bill proposal. Throughout fall and winter of 2006/07, the Chief Economist led economic and budget analyses and helped prepare the 183-page book of the Administration's proposals.

Domestic Agricultural Policy. In addition to efforts on analysis and development of the Administration's 2007 Farm Bill proposals, the IO continued to provide assistance and analysis to Departmental agencies implementing commodity, conservation and other programs by reviewing and providing analysis of proposed program regulations and participating in inter-agency working groups; and helping to ensure effective and efficient program development. For example, OCE participated in the development and analysis of Departmental budget proposals, continued to review options for extending expiring Conservation Reserve Program contracts, assisted in analysis of sugar program issues, and evaluated many legislative proposals for farm policy changes. The Chief Economist served on and provided biweekly briefing materials for the Department's Drought Task Force, which coordinates the Department's responses to the ongoing natural disasters in the United States.

Trade Adjustment Assistance for Farmers. The IO continued to play a significant role in implementing the Trade Adjustment Assistance (TAA) for Farmers Program, as required in the 2002 Trade Act, by serving on an inter-agency USDA committee that approves petitions to certify farmer eligibility. In addition, the IO served on an inter-agency task force to address issues raised in proposed legislation due to the expiration of the TAA statute on September 30, 2007.

Agricultural Labor Activities. IO staff worked with the Department of Labor to amend its regulations regarding the certification of temporary employment of nonimmigrant workers employed in temporary or

seasonal agricultural employment. Staff provided analysis and information on issues relevant to the role of labor in agricultural production. Analysis and information focused on the unique

characteristics of agricultural production including the diversity in the demand for labor across agriculture, the seasonal demand for labor, and the role of temporary workers in the agricultural sector.

Analytical Assistance to Congress. The Chief Economist was a witness at eight Congressional hearings during FY 2007 on the following issues: energy, twice on the Administration's 2007 Farm Bill proposals, twice with the Secretary on the USDA budget, twice on crop insurance, and on aging in agriculture. The Chief Economist participated in 33 briefings for members of Congress and Congressional staff during FY 2007. OCE staff conducted numerous additional briefings and analyses for the Congress on issues such as: the 2007 Farm Bill, trade adjustment assistance, WTO disputes, domestic support notifications to the WTO, weather and market situation and outlook, and biobased products.

Global Climate Change. GCPO chairs the Department's Global Change Task Force and coordinates the Department's \$63 million FY 2007 Global Change Research Program, playing an important role in furthering the Department's mission of protecting and enhancing the Nation's natural resources. In FY 2007, GCPO organized the 4th USDA Greenhouse Gas Symposium, a major bi-annual conference to highlight recent advances in how climate change might impact agriculture and forestry. GCPO managed development of a draft update of the greenhouse gas inventory for U.S. agriculture and forestry sources and sinks. GCPO continued to lead U.S. Government participation in several international initiatives and activities related to climate change and greenhouse gas emissions, including the Major Economies Meeting process, the UN Framework Convention on Climate Change, and the Agriculture Sub-committee of the Methane-to-Markets Partnership.

New Greenhouse Gas Reporting Guidelines. In FY 2007, GCPO continued to lead USDA's inter-agency strategy to implement the Department of Energy's new voluntary greenhouse gas reporting guidelines in the agriculture and forestry sectors. The guidelines define a new class of agricultural and forest commodity – a greenhouse gas reduction credit. When fully implemented, the guidelines will facilitate the development of new markets that reward farmers and landowners for environmental performance, enable industry to meet environmental obligations at lower costs, and strengthen rural economies while protecting the environment. In 2007, GCPO prepared a draft primer to help introduce the guidelines to agriculture and forest land owners and initiated the development of several Web-based tools to help farmers simplify the estimation of emissions from selected agricultural sources.

Synthesis and Assessment Report (SAP) 4.3. GCPO coordinated the production of a major climate change scientific assessment in FY 2007. The report, *Synthesis and Assessment Report (SAP) 4.3: The Effects of Climate Change on Agriculture, Land Resources, Water Resources, and Biodiversity*, is being prepared to meet requirements under the 1990 Global Change Research Act. SAP 4.3 is one of 21 synthesis and assessment products being produced by the U.S. CCSP. GCPO led a group of 37 authors from universities and government agencies in producing the report. The report represents a synthesis of existing science and relies entirely on published peer-reviewed literature. The current draft includes more than 1,000 references and has undergone thorough expert and public reviews. Publication of the final report is planned for early 2008.

Support for the Major Economies Process on Climate Change and Clean Energy. In FY 2007, GCPO provided technical support to the Department of State and the Council on Environmental Quality in developing the Major Economies Process to address clean energy and climate change. This major initiative is designed as a framework for international climate change discussions and will include the development of roadmaps and plans for key sectors. In announcing this effort, the President identified actions to address forestry and agriculture as priorities in any effective response to climate change.

Sustainable Development Activities. The Director of Sustainable Development chairs the USDA Council on Sustainable Development, which works to integrate the concepts of sustainable development into USDA

policy and programs. In FY 2007, sustainable development activities included coordination of representation and inter-agency input for the U.S. submission of case studies, partnerships, and information on energy for the 15th session of the UN Commission on Sustainable Development (CSD). In addition,

preparations were initiated for the 16th and 17th sessions of the CSD, which will focus on sustainable agriculture and rural development. The Director participated in the Office of the Federal Environmental Executive's inter-agency working group on environmental stewardship and sustainability, the Federal Network for Sustainability, and related activities on sustainable consumption and production, such as the 3rd meeting of the UN Ten-Year Framework of Programs on Sustainable Production and Consumption. Collaborations with Australia, the World Agroforestry Center, local communities and universities in the United States and others are fostering a landcare approach to increase community-based conservation practices, research, and science in the United States and around the world. In addition, a partnership was established between USDA and the Sustainable Development Institute of the College of the Menominee Nation in Wisconsin, which sponsored "Sharing Indigenous Wisdom: An International Dialogue on Sustainable Development," in June 2007, which investigated how traditional indigenous knowledge can be best utilized as models and methods of sustainable practices.

Supply and Demand Monitoring and Reporting. In FY 2007, WAOB continued to publish the monthly *World Agricultural Supply and Demand Estimates* (WASDE) report, which reports the official world and U.S. supply and utilization estimates and forecasts for grains, soybeans, and cotton; and official U.S. estimates and forecasts for sugar, red meat, poultry, eggs, and milk. All monthly WASDE reports were released as scheduled and without incident. Inter-agency committees chaired by WAOB staff cleared all USDA economic outlook reports released during the year. The WASDE report is among USDA's most widely viewed reports.

From October 2006 to September 2007, the WASDE was accessed an average of 14,315 times per month on the USDA Web site. Also, the WASDE report has 7,174 subscribers on the USDA-Cornell site, which is operated by Cornell University through a partnership relationship with USDA.

End-users reported no errors and leveled no significant criticisms at USDA forecasts. Monthly post-lockup briefings were presented to the Secretary and radio interviews were recorded by WAOB for both USDA and the Berns Bureau, a nationally syndicated network. WAOB produced daily internal market highlight reports and a weekly oral briefing for senior staff regarding current agricultural developments.

WAOB staff prepared numerous special economic reports and weather assessments for the Secretary and Chief Economist: WAOB analyzed the impact of the rapid growth of corn use for ethanol production on grain, livestock, and dairy markets; estimated probable crop losses associated with a severe freeze on California's citrus industry; and analyzed the probable impact of genetically modified rice on U.S. exports and prices. WAOB's monthly estimates of corn use for ethanol production are now widely considered to be a key benchmark for monitoring the state of the ethanol industry. Also, WAOB continued to monitor and project the market impact of trade restrictions on U.S. beef products to Japan and South Korea.

WASDE Reporting Changes. The WAOB cotton analyst attended the China International Cotton Conference in Urumqi, China and convened meetings with high-level Chinese government and industry officials to discuss discrepancies that arise in constructing China cotton supply/demand balance data based on official government statistics. Resolving these discrepancies has been an important issue for the U.S. and global cotton industries, as China is the world's largest cotton producer, consumer, and importer. Based on information from these meetings, WAOB decided to depart from its long-standing policy and raised its cotton production estimate for China for the 2004 through 2006 crops above the level of the official estimates released by China's National Bureau of Statistics. In an additional WASDE reporting change, U.S. soybean supply and use coverage was expanded to include the use of soybean oil in the production of biodiesel.

Baseline Projections. In February 2007, WAOB oversaw publication of interagency 10-year baseline economic projections which provided timely insight and strategic planning information for the President's budget, agricultural producers, other agribusinesses and policy officials.

Briefings and Media Events. The WAOB Chairman was interviewed by Federal News Radio (1050 AM) regarding the importance of USDA's commodity information program. The resulting program was aired repeatedly as part of the "Agency of the Month" series. The Chairman was also interviewed and taped by *Farm Journal* regarding WASDE report lockup procedures, and the resulting "Under Lock and Key" program was published and then aired on national TV. The Chairman recorded monthly post-WASDE report release telephone interviews for "Ag Day" radio and along with other WAOB staff, delivered numerous briefings explaining USDA's commodity analysis and projection procedures to industry groups, including the Monsanto Grower Advisory Council and delegations from Argentina (National Institute for Agriculture), Australia (Nuffield Scholars), Brazil, China, Russia, Mexico (Congressional Delegation), Nigeria, and Tanzania.

WAOB staff traveled to the following key markets to improve data collection: to the Chinese National Grains & Oilseeds Conference as part of an ongoing effort to encourage greater exchange of agricultural data and foster improvement in China's agricultural situation and outlook programs; to Brussels, Belgium, to address the impact of biofuels on world commodity markets at an Agra Informa conference; to Brasilia, Brazil, to meet with the agricultural department's government meteorologists and crop analysts to discuss potential data-sharing arrangements to enhance WAOB's meteorological analysis and crop estimation procedures. WAOB staff also participated in the annual National Agricultural Statistics Service (NASS) Data Users Conference in Chicago.

Weather Analysis. The Joint Agricultural Weather Facility (JAWF), which includes staff from WAOB and the National Weather Service, published the *Weekly Weather and Crop Bulletin (WWCB)*, issued the daily *Morning Weather Summary*, prepared national agricultural weather summaries, and contributed to the weekly *U.S. Drought Monitor*, which is produced jointly by USDA, the National Weather Service, and the Drought Mitigation Center in Lincoln, Nebraska. All weekly *Weather and Crop Bulletins* were released on time and without incident. The weather component of the "Daily Agricultural Highlights" and the "Weekly Weather and Economics Briefing" were delivered as scheduled to the Secretary, Under Secretary for Farm and Foreign Agricultural Services, and other senior USDA staff. WAOB also prepared briefing materials for the Chief Economist in support of USDA's Drought Task Force.

JAWF prepared numerous early warnings and assessments of significant weather events that affected agriculture as well as informational memoranda for the Chief Economist and other senior USDA staff. WAOB conducted bi-monthly meetings of the USDA Remote Sensing Coordination Committee and coordinated USDA's contribution to the National Aeronautics and Space Administration's annual *Aeronautics and Space Report of the President*.

WAOB continued to actively participate in and support the World Meteorological Organization (WMO), which promotes agro-meteorological applications for sustainable food production activities. USDA's Chief Meteorologist, a WAOB staff member, completed his term as president of the WMO Commission for Agricultural Meteorology (CAgM) and now serves on the eight-member CAgM Management Group, which formulates commission policy, develops strategic planning, and evaluates the progress of all program areas.

Utilization of WAOB/JAWF Internet products, including the *Weekly Weather and Crop Bulletin*, the *Morning Weather Summary*, and WAOB's *Climatic Profiles* publication, continued to grow. From October 2006-September 2007, the *Weekly Weather and Crop Bulletin* was accessed an average of 19,985 times per month, *Morning Weather* was accessed 4,136 times per month, and the *Climatic Profiles* publication was accessed 29,087 times per month. The *Weekly Weather and Crop Bulletin* report also has 2,019 subscribers on the USDA-Cornell Web site.

USDA Outlook Forum. USDA's 2007 Agricultural Outlook Forum, organized by WAOB, attracted a record 1,865 attendees and wide press coverage. Given extensive interest in the food versus fuel issue, the Forum Program Committee, chaired by WAOB, focused on the emerging bio-fuels industry as the Forum theme. More than 150 investment consultants attended the Forum for the first time. The 2007 Forum featured Secretary Mike Johanns and leading private sector CEOs, focusing on the impact of bioenergy on agriculture. A key agricultural writer for the *Wall Street Journal* moderated the plenary panel discussing "Renewable Energy – Inroads to Agriculture." Guest speakers included the President and CEO of Archer Daniels Midland Co.; the President and CEO of CHS, Inc.; the President and COO of Cargill, Inc.; and the President and CEO of the American Petroleum Institute. The Governor of Indiana spoke on "21st Century Economic Development: A Renewed Focus on Agriculture." The program featured in-depth and timely sessions on major issues, including the 2007 Farm Bill. Publication of the 10-year baseline projections just prior to the Forum provided critical strategic planning information for firms in agriculture, food, and fiber industries. Approximately 80,000 documents were downloaded from the Forum Web site during the week following the event. In association with the 2007 Agricultural Outlook Forum, WAOB initiated the Student Diversity Program for the purpose of increasing the diversity of agricultural professionals. Under the program, USDA solicited corporate sponsors to fund Forum participation by minority students.

Internet Access to Economic Forecasts and Climatic Data. WAOB continued its longstanding partnership with the Economic Research Service, NASS, and Cornell University to provide a major public Web site for USDA economic reports, forecasts and databases. Use of this Web site continues to grow. The *WASDE* report is one of the most popular free e-mail subscriptions offered by the Web site.

Information Technology (IT) Projects and Reporting to the Office of the Chief Information Officer (OCIO) and the Office of Management and Budget (OMB). WAOB continued work on an IT project developing a secure, modern, reliable, and efficient integrated database and report writer system for preparing and publishing the monthly *WASDE* report. WAOB also completed a number of significant upgrades to OCE's local area network (LAN), including installing an improved Cisco firewall, implementing an agency DMZ, completing an upgrade of all network components to Internet Protocol

Version 6, and deploying a server providing Blackberry service for key OCE staff. WAOB oversaw installation of video surveillance cameras in OCE LAN rooms and worked with NASS to complete testing of the new lockup wireless detection system. No security breaches of OCE IT systems occurred during FY 2007.

WAOB updated the Management Information Tracking System in support of the monthly OCIO IT security and e-Government scorecard initiatives. WAOB conducted required annual analyses of OCE IT systems and updated the Enterprise Architecture Repository system to map OCE IT investments to OMB, Departmental, and agency strategic goals and objectives and provide a tool to improve management oversight of IT spending prioritization. WAOB also responded to frequent OCIO requests for reports and documentation regarding OCE IT spending, policies, procedures, plans, security and IT infrastructure.

Analyses Reviewed. During FY 2007, OCE reviewed or coordinated inter-agency reviews of risk assessments and cost-benefit analyses that supported significant USDA regulatory actions. These reviews included work on BSE, Highly Pathogenic AI, salmonella and clostridium perfringens in ready-to-eat meat and poultry products, bovine tuberculosis control, citrus canker quarantines, food and nutrition assistance programs, and animal welfare regulations. OCE staff reviewed regulatory analyses for USDA commodity programs, conservation programs, laboratory service programs, and Forest Service Land Management Programs. These regulatory reviews supported implementation of new programs and delivery of existing programs across all USDA mission areas. OCE reviewed analyses for 37 USDA proposed and final rules during FY 2007. In addition, OCE reviewed 44 USDA legislative reports and numerous Departmental correspondences.

Risk Analysis Leadership and Consultation. ORACBA partnered with six Federal agencies to fund a review by the National Academy of Sciences of a proposed OMB bulletin on risk assessment in the Federal government that was released in 2007. ORACBA briefed the National Academy Committee on risk

assessment practices and challenges in USDA. ORACBA provided guidance to USDA agencies developing risk assessments related to new natural resource conservation programs, imported fruits and

vegetables, nutrition, animal diseases including BSE and foot and mouth disease, and foodborne pathogens. ORACBA provided extensive assistance to the Office of the General Counsel to respond to litigation that temporarily halted resumption of imports of beef and cattle from Canada. ORACBA actively participates in the 18-agency Risk Assessment Consortium (RAC) to enhance communication and coordination among the agencies with food safety responsibilities and promote the conduct of scientific research that will facilitate risk assessments. Such research assists USDA regulatory agencies in fulfilling their specific food-safety risk management mandates. In FY 2007, ORACBA led a RAC Committee that organized a workshop on nutritional risk assessment at the National Academies of Sciences. ORACBA joined with other USDA agencies and non-government organizations to support research on risk ranking methods for foodborne pathogens. ORACBA staff economists provided guidance to the Bureau of Land Management on integration of risk assessment and economic methods for valuing protection of human life.

An ORACBA scientist serves on the Food and Drug Administration's (FDA) Transmissible Spongiform Encephalopathies Advisory Committee, with a term of July 2006 through January 2010. An ORACBA scientist was a consultant to the Joint Food and Agricultural Organization/World Health Organization Expert Meeting on Risk Assessment of Enterohaemorrhagic *E. coli* in Meat and Meat Products. ORACBA reviewed draft International Plant Pest Convention guidelines, recommended changes, and contributed to formulating the U.S. position on the guidelines. ORACBA provided to the USDA representative of the World Animal Health Organization valuable analyses of draft frameworks to estimate animal disease prevalence and characterize disease risks. ORACBA staff provided substantive consultations to the Environmental Protection Agency (EPA) on numerous science policy documents, on cumulative and aggregate risk assessment methods under the Food Quality Protection Act, and fumigant emission models. In the area of homeland security, ORACBA applied risk analysis to the challenges of protecting the food supply and critical infrastructure, developing a National Plant Disease Recovery System, and building capacity to respond to animal disease outbreaks.

Risk Communication and Outreach. ORACBA continued to improve risk communication among USDA analysts concerning developments in risk assessment and economic analysis. ORACBA provided risk assessment studies to USDA's National Agricultural Library collection, making these risk assessments available to analysts worldwide. ORACBA conducted numerous seminars, workshops, and consultations on risk analysis for government groups and land-grant universities. ORACBA staff presented risk assessment results and regulatory analyses at professional meetings for government, industry, and university scientists and economists and published articles on food safety and invasive species in peer reviewed scholarly journals. ORACBA staff reviewed scientific and economic papers for professional journals and for USDA publications. The products of ORACBA's cooperative agreements and staff papers are posted on USDA's Web site. ORACBA disseminates an electronic newsletter informing approximately 700 subscribers of developments in risk assessment and training opportunities.

Risk Assessment Education and Training. ORACBA scientists presented research on ecological and dietary risk assessment to government and industry risk assessors attending the Society for Risk Analysis meeting. ORACBA worked closely with the Joint Institute for Food Safety, the University of Maryland, and the FDA to promote both basic and advanced courses in risk assessment methods. ORACBA staff delivered lectures on ecological risk assessment and taught courses on environmental policy and risk assessment at local universities. ORACBA's outreach efforts informed the risk assessment community of training and professional development opportunities. ORACBA continued to support the American Association for the Advancement of Science Risk Policy Fellowship program which brings talented scientists to USDA and enhances their risk assessment skills. ORACBA's Risk Forums featured nationally prominent speakers on risk assessment in the fields of microbial and chemical risks to food safety, invasive species risks, animal disease risks, and resource risks. ORACBA staff enhanced their analytical skills through training programs and participation in seminars.

BioPreferred. The BioPreferred Program was authorized in Section 9002 of the Farm Security and Rural Investment Act of 2002. Six groupings of biobased products were designated for preferred procurement by Federal agencies by a final rule issued in March 2006. Three more final rules designating a

total of 30 groupings of biobased products for preferred procurement are expected to be published in early 2008.

USDA market research identified about 10,859 biobased products currently in the market place, produced by more than 1,908 manufacturers. Additionally, USDA identified over 187 groupings of products that will be designated for preferred procurement by rule making.

Biodiesel Fuel Education Program. OEPNU continued to track activities, outcomes, and coordinate efforts under the national Biodiesel Fuel Education Program. Twice a year OEPNU convenes a USDA inter-agency panel to review progress on program goals, including the development of an education outreach system that delivers useful and consistent information about the benefits of biodiesel.

Energy and Bioenergy Analysis. Recent concerns about energy security and high oil prices have focused greater attention on agriculture and energy issues. Examples of recent energy and bioenergy analytical work conducted by OEPNU staff and cooperators include:

- Helped to organize a major joint USDA-Department of State conference that is scheduled for 2008 and is titled “World International Renewable Energy Conference”;
- Helped organize one conference in the “Energy and Agriculture” series bringing together industry experts, economists, government leaders, and others to gather baseline information and identify agriculture’s role in solving our Nation’s energy problems;
- Completed a study with Iowa State University and Informa Economics analyzing the long-run market potential for biobased products as required by the Energy Policy Act of 2005;
- Initiated a study on bioindicators;
- Completed numerous staff analyses for the Office of the Secretary and the Chief Economist, including work on biodiesel, sugar and corn ethanol, fertilizer issues, bioproducts, energy legislation, wind, and energy use;
- Participated in multiple workshops sponsored by Federal agencies and conferences sponsored by academic institutions and industry organizations that addressed energy issues, such as food versus fuel, feedstocks, infrastructure, transportation, investment, and rural wealth;
- Continued work with the University of Idaho to update a life-cycle analysis of biodiesel;
- Continued a study of ethanol’s ability to reduce motor fuel price volatility with the University of Georgia;
- Completed a study with the University of Minnesota to analyze the economics of anaerobic digestion; and
- Initiated a study with Iowa State University and the University of Minnesota to analyze the benefits and costs of ethanol.

White House Climate Change Executive Order. OEPNU served as the USDA staff level coordinator working with the EPA to support their development of a proposed rule linking reduced greenhouse gas emissions with the President’s “Twenty in Ten” energy initiative. OEPNU coordinated and provided analysis on a possible biofuel increase and the effects on agriculture from this initiative. OEPNU will continue to work with EPA on the development of a final rule and program implementation.

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Summary of Budget and Performance
Statement of Goals and Objectives

OCE has five strategic goals and ten strategic objectives that contribute to the strategic goals of the Department.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
OCE's goals support all goals of the Department	Agency Goal 1: Assure the Secretary of Agriculture receives timely, independent and objective economic analyses on critical Departmental program and policy issues.	<u>Objective 1:</u> Provide economic intelligence to enable understanding of markets and economic effects of alternative policies.	Chief Economist and the Immediate Office (IO) IO, Sustainable Development IO, Agricultural Labor Affairs Coordinator (ALAC)	<u>Key Outcome 1:</u> Economic and policy analysis reports and briefings; Chair Board of Directors of Federal Crop Insurance Corporation (FCIC) <u>Key Outcome 2:</u> Coordinate USDA assessments of sustainable development issues <u>Key Outcome 3:</u> Coordinate USDA assessments of agricultural labor issues
OCE's goals support all goals of the Department	Agency Goal 2: Improve the U.S. agricultural economy by facilitating efficient price discovery in agricultural markets by coordinating the release of comprehensive, consistent, reliable, timely and objective estimates, forecasts, and projections of commodity supply, demand, and prices.	<u>Objective 2.1:</u> Meet information needs of customers and clients for global commodity information. <u>Objective 2.2:</u> Assess impact of weather and natural phenomena on agriculture.	World Agricultural Outlook Board (WAOB) WAOB/Joint Agricultural Weather Facility	<u>Key Outcome 4:</u> Issue monthly World Agriculture Supply and Demand (WASDE) report <u>Key Outcome 5:</u> Conduct Annual Outlook Forum <u>Key Outcome 6:</u> Issue Weekly Weather and Crop Bulletins <u>Key Outcome 7:</u> Weather and crop impact assessments

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USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
OCE's goals support all goals of the Department	Agency Goal 3: Ensure regulations affecting the public are based on sound, objective and appropriate risk assessments and economic analyses.	<p><u>Objective 3.1:</u> Review regulatory impact analyses and risk assessments for Departmental regulations.</p> <p><u>Objective 3.2:</u> Provide support to conduct risk assessments and cost-benefit analyses.</p>	Office of Risk Assessment and Cost-Benefit Analysis (ORACBA)	<p><u>Key Outcome 8:</u> Review regulatory impact analyses</p> <p><u>Key Outcome 9:</u> Review risk assessments and economic analyses</p> <p><u>Key Outcome 10:</u> Conduct seminars and training</p> <p><u>Key Outcome 11:</u> Collaborate on risk related research</p>
OCE's goals support all goals of the Department	Agency Goal 4: Enhance biobased product and energy opportunities for agricultural producers and rural areas.	<p><u>Objective 4.1:</u> Promote increased use of biobased products by Federal agencies.</p> <p><u>Objective 4.2:</u> Increase the use of biodiesel through educational efforts.</p> <p><u>Objective 4.3:</u> Analyze alternative energy policies and programs.</p>	Office of Energy Policy and New Uses (OEPNU)	<p><u>Key Outcome 12:</u> Increase purchases of biobased products by Federal agencies</p> <p><u>Key Outcome 13:</u> Competitive grants to support biodiesel education among users and the public</p> <p><u>Key Outcome 14:</u> Reports and briefings</p>

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USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
OCE's goals support all goals of the Department	Agency Goal 5: Assure the Department's global climate change programs and activities address the needs of the government and public.	<p><u>Objective 5.1:</u> Provide advice and analysis on global climate change issues to the Secretary.</p> <p><u>Objective 5.2:</u> Work with USDA agencies to develop policies and programs related to global climate change consistent with the Secretary's objectives and facilitate implementation of programs and policies that require a Department-wide response.</p>	<p>Policy and program advice to the Secretary</p> <p>Represent the Secretary on U.S. delegations to international negotiations and scientific meetings</p> <p>Coordinate Department effort in global climate change research, policies, and programs</p> <p>Coordinate Department effort to develop and implement greenhouse gas accounting systems</p> <p>Serve as USDA liaison within executive branch on global climate change</p>	<p>Global change briefings, memos, reviews and analysis</p> <p>Ensure USDA input at international climate change negotiations</p> <p>USDA input to U.S. National Communication to the United Nations Framework Convention on Climate Change</p> <p>Chair USDA Global Change Task Force</p> <p>Quantify greenhouse gas reduction benefits of USDA conservation and energy programs</p>

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Strategic Objective and Funding Mix

STRATEGIC OBJECTIVE 1.1: Provide economic intelligence to enable understanding of markets and economic effects of alternative policies.

STRATEGIC OBJECTIVES 2.1 and 2.2: Meet information needs of customers and clients for global commodity information; and Assess impact of weather and natural phenomena on agriculture.

STRATEGIC OBJECTIVES 3.1 and 3.2: Review regulatory impact analyses and risk assessments for Departmental regulations; and Provide support to conduct risk assessments and cost-benefit analyses.

STRATEGIC OBJECTIVES 4.1, 4.2, and 4.3: Promote increase use of biobased products by Federal agencies; Increase the use of biodiesel through educational efforts; and Analyze alternative energy policies and programs; and Cooperate with Departmental Administration (DA) in developing and implementing a Federal Procurement Preference Program for USDA-designated biobased products.

STRATEGIC OBJECTIVES 5.1 and 5.2: Provide advice and analysis on global climate change issues to the Secretary; and Work with USDA agencies to develop policies and programs related to global climate change consistent with the Secretary's objectives and facilitate implementation of programs and policies that require a Department-wide response.

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Strategic Objective and Funding Matrix
(On basis of adjusted appropriation)

	<u>2007 Actual</u>		<u>2008 Estimate</u>			<u>2009 Estimate</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Increase or Decrease</u>	<u>Amount</u>	<u>Staff Years</u>
<u>Strategic Objective 1</u>							
Provide timely, independent and objective economic advice.....	\$2,003,079	8	\$2,249,210	8	+\$21,790	\$2,271,000	8
<u>Strategic Objective 2</u>							
Facilitate efficient price discovery in agricultural markets	4,848,162	30	4,764,593	30	+429,407	5,194,000	30
<u>Strategic Objective 3</u>							
Provide objective and appropriate risk assessments and economic analyses	1,030,613	8	1,068,477	8	+68,523	1,137,000	8
<u>Strategic Objective 4</u>							
Enhance biobased product and energy opportunities for agricultural producers and rural areas.....	4,604,756	8	2,331,720	8	+150,280	2,482,000	8
<u>Strategic Objective 5</u>							
Assure the Department's global climate change programs and activities address the needs of the government and public.....	--	--	--	--	+1,500,000	1,500,000	3
Total, Available	12,486,610	54	10,414,000	54	+2,170,000	12,584,000	57

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Selected Accomplishments Expected at the FY 2009 Proposed Resource Level: In FY 2008 and FY 2009, the Chief Economist and the Immediate Office (IO) expect to continue to provide substantially the same level of support for major Departmental programs across all mission areas by reviewing and providing analysis of proposed program regulations, participating in interagency working groups and helping to ensure effective and efficient program development. Key expected accomplishments are:

- Participate in the development and analysis of the President's budget proposals.
- Provide the Secretary with economic analyses as requested on any agricultural, policy or program issues that may arise.
- Contribute to multilateral trade negotiations by providing economic analysis, position papers, and other staff support for the negotiations, as well as directly participating in negotiating sessions.

In FY 2008 and FY 2009, the World Agricultural Outlook Board (WAOB) expects to:

- Issue 12 monthly World Agricultural Supply and Demand Estimate reports.
- Deliver 52 weekly Weather and Economics Briefing reports to the Secretary and other top staff.
- Issue daily national agricultural weather summaries.

In FY 2008 and FY 2009, the Office of Risk Assessment and Cost-Benefit Analysis (ORACBA) expects to:

- Review approximately 60 cost-benefit analyses and risk assessments.
- Produce 12 issues ORACBA News.
- Hold 6 risk forum training seminars.

In FY 2008 and FY 2009, the Office of Energy Policy and New Uses (OEPNU) expects to:

- Increase the number of items designated for preferred procurement to a cumulative total of 36 items by the end of FY 2009.
- Have the final rule in place for products granted BioPreferred label use in 2008.
- Qualify 6 products for label use each year in FY 2009.

In FY 2009, the Climate Change Program Office (CCPO) expects to:

- Conduct analysis, long range planning, research, and response strategies relating to climate change mitigation and adaptation.
- Provide liaison with other Federal agencies and offices on the issue of climate change.
- Provide technical guidance and information on options for the treatment of forests and agriculture as part of on-going international climate change negotiations under the Framework Convention on Climate Change.
- Inform the Department leadership of scientific developments and policy issues relating to the effects of climate change on agriculture and forestry, including broader issues that affect the impact of climate change on the farms and forests of the United States.
- Recommend to the Secretary alternative courses of action with which to respond to such scientific developments and policy issues.
- Ensure that recognition of the potential for climate change is fully integrated into the research, planning, and decision-making processes of the Department.

Means and Strategies:

As a small staff office supporting the Office of the Secretary, the different units within OCE will rely on substantially similar means and strategies in meeting accomplishments expected at the FY 2009 resource level.

- Continue to support the Secretary and the Department across all mission areas by reviewing and providing analysis of proposed program regulations, participating in interagency working groups and helping to ensure effective and efficient program development.

- Provide economically sound and objective analysis of proposed programs or regulations, agricultural market analysis, crop assessments, global change research proposals and issues, cost-benefit analyses, and issues involving agriculture and energy.
- Chief Economist and IO: Uses reports, analyses, and briefings to provide information to the Office of the Secretary. The Chief Economist chairs the Board of Directors of the FCIC. IO staff chairs the USDA Council on Sustainable Development and serves on delegations to international meetings that affect U.S. negotiations or obligations for international trade and sustainable development.
- WAOB: Senior commodity analysts and meteorologists continuously monitor and analyze all available information sources to perform the organization's mission of facilitating efficient price discovery in agricultural markets by coordinating the release of comprehensive, consistent, reliable, timely and objective estimates, forecasts, and projections of commodity supply, demand, and prices.
- ORACBA: A professional staff of economists, scientists, and analysts reviews about 60 USDA regulatory packages annually. ORACBA supplements its staff with risk policy fellows through a cooperative program with the American Association for the Advancement of Science and through contracts with university and private sector experts for peer reviews of regulatory analyses.
- OEPNU: Conduct economic analysis and provide policy advice on issues relating to energy use in agriculture, ethanol, biomass and bioproducts in anticipation of policy or legislative needs. Develop information and analysis for energy issues and rules through source data and in collaboration with other agencies within USDA and with other Federal agencies. Continue the cooperative agreement with the Center for Industrial Research and Service at Iowa State University to develop the BioPreferred Information System. Consult widely with agencies within USDA and the Department of Energy in implementing the USDA Biodiesel Education Program, with activities including holding workshops, preparing educational material, conducting training, and addressing and responding to product quality issues.
- CCPO: Ensure that the Department meets its responsibilities to integrate climate change considerations into the research, planning, and decision-making processes of the Department; and ensure that the Department is a source of objective and accurate analytical assessments of the effects of climate change and proposed mitigation strategies. CCPO will coordinate the implementation of USDA's responsibilities under the U.S. Voluntary Greenhouse Gas Reporting Registry, coordinate technical support on issues related to climate change as they relate to forestry and agriculture to the Department of State, and represent the Department in bilateral and multilateral international meetings on climate change, such as meetings held under the United Nations Framework Convention on Climate Change.

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Summary of Budget and Performance
Key Performance Outcomes and Measures
(Dollars in Thousands)

Goal 1: Assure the Secretary of Agriculture receives timely, independent and objective economic analyses on critical Departmental program and policy issues.

Key Outcomes: Economic and policy analysis reports and briefings; Chair the Board of Directors of the Federal Crop Insurance Corporation; Coordinate USDA assessments of sustainable development issues; Coordinate USDA assessments of agricultural labor issues; and coordinate USDA's global climate change programs and issues.

Goal 2: Improve the U.S. agricultural economy by facilitating efficient price discovery in agricultural markets by coordinating the release of comprehensive, consistent, reliable, timely, and objective USDA estimates, forecasts, and projections of commodity supply, demand, and prices.

Key Outcomes: Issue the monthly *World Agriculture Supply and Demand Estimates* (WASDE) report; Conduct Annual Agricultural Outlook Forum; Issue the *Weekly Weather and Crop Bulletin*; and Weather and crop impact assessments.

Goal 3: Ensure regulations affecting the public are based on sound, objective, and appropriate risk assessments and economic analyses.

Key Outcomes: Review regulatory impact analyses; Review risk assessments and economic analyses; Conduct seminars and training; and Collaborate on risk related research.

Goal 4: Enhance biobased product and energy opportunities for agricultural producers and rural areas.

Key Outcomes: Increase the purchases of biobased products by Federal agencies; Competitive grants to support biodiesel education among users and the public; and analytical reports and briefings.

Key Performance Target: Regulations were drafted to create the structure for the preferred procurement program clearance process with USDA. Maintain and expand an electronic information system consisting of a Web site with posted information on eligible biobased products. A group of manufacturers of biobased products have been identified and have agreed to cooperate in the program by testing their products to gather the information required by the statute prior to designating "items," generic groups of products for preferred procurement. A final rule for 6 designated items was in place at the end of 2007. Final rules for an additional 20 items are expected to be in place in FY 2008 and a final rule for 10 additional items in FY 2009, for a cumulative total by the end of FY 2009 of 36 designated items.

Agency Goal 5: Assure the Department's global climate change programs and activities address the needs of the government and public.

Key Outcomes: Global climate change briefings, memos, reviews and analysis; Ensure USDA input at international climate change negotiations; USDA input to U.S. National Communication to the United Nations Framework Convention on Climate Change; Chair USDA Global Change Task Force; and Quantify greenhouse gas reduction benefits of USDA conservation and energy programs.

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Key Performance Measures:

(Dollars in Thousands)

<u>Performance Measure #1</u>	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Actual</u>	<u>2008 Target</u>	<u>2009 Target</u>
Policy and Program Analysis and Advice for the Secretary of Agriculture	N/A	N/A	N/A	N/A	N/A	N/A
Dollars	\$1,558	\$1,882	\$2,350	\$2,003	\$2,249	\$2,271

(Dollars in Thousands)

<u>Performance Measure #2</u>	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Actual</u>	<u>2008 Target</u>	<u>2009 Target</u>
World Agricultural Supply and Demand Estimate (WASDE) Reports Issued	12	12	12	12	12	12
Dollars	\$3,203	\$3,755	\$3,311	\$3,636	\$3,574	\$3,896
Weekly Weather and Crop Bulletins Issued	52	52	52	52	52	52
Dollars	\$1,039	\$1,252	\$1,104	\$1,212	\$1,191	\$1,298

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(Dollars in Thousands)

<u>Performance Measure #3</u>	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Actual</u>	<u>2008 Target</u>	<u>2009 Target</u>
Review cost-benefit analyses, risk assessments; regulatory analysis technical assistance and leadership	60	60	60	60	60	60
Dollars	\$779	\$900	\$1,016	\$919	\$952	\$1,013
ORACBA news issued	12	12	12	12	12	12
Dollars	\$43	\$55	\$56	\$56	\$58	\$62
Training seminars held	5	5	5	5	5	5
Dollars	\$43	\$54	\$56	\$56	\$58	\$62

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(Dollars in Thousands)

<u>Performance Measure #4</u>	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Actual</u>	<u>2008 Target</u>	<u>2009 Target</u>
Increase the number of products designated under the BioPreferred Program (cumulative)	N/A	Proposed draft rule for 1-6 items	Final rule for 6 items and 2 proposed rules for clearance for 20 more items	Proposed rule for 10 additional items, final rules for 30 additional items in clearance	Proposed rule for 10 additional items, final rules for 20 additional items in place, cumulative total is 26 designated items	Proposed rule for 10 additional items, final rule for 10 additional items in place, cumulative total is 36 designated items
Labeling Program implemented (cumulative)	N/A	N/A	New Program	Proposed rule for label use entered into clearance	Final rule in place for products granted label use	Qualify 6 products for label use
Dollars	--	\$992	\$2,996	\$3,001	\$807	\$852
Economic analyses, reports, studies, and conferences on agriculture and energy issues as requested or required	N/A	N/A	N/A	N/A	N/A	N/A
Dollars	\$1,991	1,346	\$1,545	\$1,604	\$1,525	\$1,630

Note: The figures for the BioPreferred Program and Labeling Program performance measure in FY 2006 and FY 2007 include \$1 million in mandatory spending for the Federal Procurement of Biobased Products (Section 9002) and \$1 million in mandatory spending for the Biodiesel Fuel Education Program (Section 9004) as authorized under the Farm Security and Rural Investment Act (Farm Bill) of 2002.

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

(Dollars in Thousands)

<u>Performance Measure #5</u>	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Est.</u>	<u>2008 Target</u>	<u>2009 Target</u>
Global change briefings, memos, analyses and other information for the Office of the Secretary	N/A	N/A	N/A	N/A	N/A	10
Dollars	--	--	--	--	--	\$300
Represent USDA in international climate change negotiations	N/A	N/A	N/A	N/A	N/A	4
Dollars	--	--	--	--	--	\$150
Chair USDA Global Change Task Force and manage the preparation and review of department-wide climate change products	N/A	N/A	N/A	N/A	N/A	12 meetings; 6 products
Dollars	--	--	--	--	--	\$1,050

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

Full Cost by Strategic Objective
(Dollars in Thousands)

PROGRAM	PROGRAM ITEMS	2007	2008	2009
Strategic Objective 1.1: Provide economic intelligence to enable understanding of markets and economic effects of alternative policies.				
Chief Economist and Immediate Office (IO)	Economic Analysis	\$1,655	\$1,889	\$1,890
	Sustainable Development	200	207	218
	Agricultural Labor Issues	148	153	163
Total Costs		2,003	2,249	2,271
Strategic Objectives 2.1 and 2.2: Meet information needs of customers and clients for global commodity information; and Assess impacts of weather and natural phenomena on agriculture.				
World Agricultural Outlook Board (WAOB)	Monthly WASDE Report	3,636	3,574	3,896
	Weekly Weather and Crop Bulletins	318	313	341
	National Weather Service Cooperation	303	298	325
	Weather/Crop Impact Assessments	591	580	632
Total Costs		4,848	4,765	5,194
Strategic Objectives 3.1 and 3.2: Review regulatory impact analyses and risk assessments for Departmental regulations; and Provide support to conduct risk assessments and cost-benefit analyses.				
Office of Risk Assessment and Cost-Benefit Analysis (ORACBA)	Review Regulatory Impact Analyses	340	352	375
	Review Risk Assess/Econ Analyses	487	505	537
	Conduct Seminars and Training	112	116	124
	Collaborate, Risk Related Research	92	95	101
Total Costs		1,031	1,068	1,137
Strategic Objectives 4.1, 4.2 and 4.3: Promote increased use of biobased products by Federal agencies; Increase the use of biodiesel through educational efforts; and Analyze alternative energy policies and programs.				
Office of Energy Policy and New Uses (OEPNU)	Increase Biobased Purchases	1,850	650	690
	Biodiesel Education	1,151	157	162
	Econ Analysis Reports/Briefings	1,604	1,525	1,630
Total Costs		4,605	2,332	2,482
Strategic Objectives 5.1 and 5.2: Provide advice and analysis on global change issues to the Secretary; Work with USDA agencies to develop policies and programs related to global change consistent with the Secretary's objectives and facilitate implementation of programs and policies that require a Department-wide response.				
Climate Change Program Office (CCPO)	Climate Change Advice and Analysis	--	--	300
	Represent USDA at International Climate Change Negotiations	--	--	150
	Coordinate Climate Change Policy/Programs	--	--	1,050
Total Costs		--	--	1,500
Total Costs All Strategic Objectives		\$12,487	\$10,414	\$12,584
FTEs		54	54	57

2009 Explanatory Notes

National Appeals Division
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EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Purpose Statement

The National Appeals Division (NAD) was established by the Secretary of Agriculture on October 20, 1994, by Secretary's Memorandum 1010-1, pursuant to the Federal Crop Insurance and Reform and Department of Agriculture Reorganization Act of 1994, Public Law No. 103-354. The Act consolidated the appellate functions and staff of several USDA agencies to provide for independent hearings and reviews of adverse agency decisions.

The mission of NAD is to conduct fair and impartial administrative appeal hearings and reviews of adverse decisions issued by certain agencies within the USDA and to issue determinations in an expeditious manner that reflect a thorough consideration of factual information and reach a proper conclusion. By statute, NAD hears appeals involving program decisions of the Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, Rural Business-Cooperative Development Service, Rural Housing Service, and the Rural Utilities Service. The Secretary of Agriculture may also assign to NAD additional jurisdiction to hear administrative appeals arising from decisions of other parts of USDA.

NAD Headquarters is located in Alexandria, Virginia. NAD administers its appeals system through three regional offices located in Memphis, Tennessee; Indianapolis, Indiana; and Lakewood, Colorado. The hearing officers are located in 57 field locations throughout the United States, and operate out of leased office space or home offices. As of September 30, 2007, there were 101 permanent full-time employees, and 1 other than full-time permanent employee. These employees were assigned as follows:

<u>Location</u>	<u>Full-time Permanent</u>	<u>Other</u>	<u>Total</u>
Alexandria, VA	26	1	27
Field Units	<u>75</u>	<u>0</u>	<u>75</u>
Total	<u>101</u>	<u>1</u>	<u>102</u>

NAD did not have any Office of Inspector General or Government Accountability Office evaluation reports during the past year.

EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Available Funds and Staff Years
2007 Actual and Estimated 2008 and 2009

Item	<u>2007 Actual</u>		<u>2008 Estimate</u>		<u>2009 Estimate</u>	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct						
Appropriation.....	\$14,465,760	99	\$14,466,000	108	\$15,402,000	108
Transfer to WCF.....	-180,000	--	--	--	--	--
Rescission	--	--	-101,000	--	--	--
Total, Agriculture Appropriations.....	14,285,760	99	14,365,000	108	15,402,000	108

Permanent Positions By Grade and Staff Year Summary
2007 Actual and Estimated 2008 and 2009

Grade	2007			2008			2009		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
ES-00.....	1	--	1	1	--	1	1	--	1
GS-15.....	4	3	7	4	3	7	4	3	7
GS-14.....	2	6	8	2	6	8	2	6	8
GS-13.....	12	57	69	12	57	69	12	57	69
GS-12.....	2	--	2	2	--	2	2	--	2
GS-11.....	1	3	4	1	3	4	1	3	4
GS-10.....	1	--	1	1	--	1	1	--	1
GS-9.....	2	2	4	2	2	4	2	2	4
GS-8.....	1	1	2	1	1	2	1	1	2
GS-7.....	--	--	--	--	--	--	--	--	--
GS-6.....	1	8	9	1	8	9	1	8	9
GS-5.....	--	1	1	--	1	1	--	1	1
Total Permanent Positions	27	81	108	27	81	108	27	81	108
Unfilled Positions end-of-year	-1	-6	-7	--	--	--	--	--	--
Total, Permanent Full-Time Employment, end-of-year	26	75	101	27	81	108	27	81	108
Staff Year Estimate.....	27	72	99	27	81	108	27	81	108

EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Appropriations Language

For necessary expenses of the National Appeals Division, [\$14,466,000] \$15,402,000.

Lead-Off Tabular Statement
and Summary of Increases and Decreases

Salaries and Expenses

Appropriations Act, 2008.....	\$14,466,000
Budget Estimate, 2009	<u>15,402,000</u>
Increase in Appropriation.....	<u>+936,000</u>

Adjustments in 2008:

Appropriations Act, 2008.....	\$14,466,000
Rescission under P.L. 110-161 <u>a/</u>	<u>-101,000</u>

Adjusted base for 2008	14,365,000
Budget Estimate, 2009	<u>15,402,000</u>
Increase over adjusted 2008	<u>+1,037,000</u>

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>2008 Estimate</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>2009 Estimate</u>
National Appeals Division	\$14,365,000	+\$346,000	+\$691,000	\$15,402,000

EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Project Statement
(On basis of adjusted appropriation)

	<u>2007 Actual</u>		<u>2008 Estimate</u>		<u>Increase or Decrease</u>	<u>2009 Estimate</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
National Appeals Division	\$13,889,866	99	\$14,365,000	108	+\$1,037,000	\$15,402,000	108
Unobligated Balance.....	395,894	--	--	--	--	--	--
Total Available or Estimate.....	14,285,760	99	14,365,000	108	+1,037,000	15,402,000	108
Transfer to WCF.....	+180,000	--	--	--			
Rescission	--	--	+101,000	--			
Total, Appropriation...	14,465,760	99	14,466,000	108			

Justification of Increases and Decreases

(1) An increase of \$1,037,000 for the National Appeals Division (NAD) consisting of:

a) An increase of 346,000 to fund increased pay costs.

The proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure that NAD can carry out its statutory responsibilities in a timely manner, as measured by NAD agency Objectives 1.1 and 1.2. Appellants, USDA agencies, and Congress would all be adversely impacted if NAD cannot execute its mission within statutory time requirements. Responsive, fair, and quality decision-making is a corner stone of NAD's strategic planning.

b) An increase of \$691,000 to continue present operational support and training for staffing and critical NAD activities.

This funding will be used to fund operational activities, such as training, continued IT support, and personnel services, maintain and improve the effectiveness of the current staff. NAD is a geographically dispersed organization, with hearing officers located across the country because by statute an appellant is entitled to a face-to-face hearing in his State of residence. NAD must continue to fund efforts to train its geographically dispersed workforce, including annual and biannual training activities such as a National Training Colloquia, decision evaluation exercises, and partnering with consultants in the writing industry to ensure NAD writing standards remain valid and are implemented objectively. Maintaining and improving IT support is also a vital part of keeping administrative overhead cost-efficient and producing determinations on a timely basis.

NATIONAL APPEALS DIVISION

Geographic Breakdown of Obligations and Staff Years
2007 Actual and Estimated 2008 and 2009

	2007		2008		2009	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama.....	\$126,141	1	\$259,519	2	\$264,215	2
Arkansas	119,673	1	123,263	1	126,961	1
California	231,403	2	238,345	2	245,495	2
Colorado	1,249,225	10	1,292,590	11	1,335,206	11
Connecticut.....	119,673	1	123,263	1	126,961	1
Delaware	119,673	1	123,263	1	126,961	1
Florida.....	239,346	2	369,789	3	375,259	3
Georgia	245,814	2	253,188	2	260,784	2
Idaho	--	--	123,260	1	126,961	1
Illinois	116,437	1	119,930	1	123,528	1
Indiana	1,216,041	9	1,256,140	10	1,273,898	10
Iowa	249,048	2	256,519	2	264,215	2
Kansas.....	116,437	1	119,930	1	123,528	1
Kentucky	242,580	2	249,857	2	257,353	2
Louisiana.....	119,673	1	123,263	1	126,961	1
Michigan	242,580	2	249,857	2	257,353	2
Minnesota	252,282	2	259,850	2	267,646	2
Mississippi.....	119,673	1	123,263	1	126,961	1
Missouri	119,673	1	123,263	1	126,961	1
Montana	122,907	1	126,594	1	130,392	1
Nebraska	119,673	1	123,263	1	126,961	1
North Carolina	336,376	3	461,956	4	476,861	4
North Dakota.....	239,346	2	246,526	2	253,922	2
Oklahoma.....	239,344	2	246,524	2	253,920	2
Pennsylvania	365,487	3	376,452	3	387,745	3
South Carolina	122,907	1	126,594	1	130,392	1
Tennessee.....	1,231,206	10	1,446,369	13	1,473,370	13
Texas.....	475,456	4	489,720	4	504,411	4
Vermont	119,673	1	123,263	1	126,961	1
Washington	119,673	1	123,263	1	126,961	1
West Virginia.....	126,141	1	129,925	1	133,823	1
Wisconsin	122,907	1	126,594	1	130,392	1
*National Office	4,903,398	26	4,429,605	26	5,208,682	26
Subtotal, Available or Estimate	13,889,866	99	14,365,000	108	15,402,000	108
Unobligated balance.....	+395,894	--	--	--	--	--
Total, Available or Estimate	14,285,760	99	14,365,000	108	15,402,000	108

* Amount includes Operation and Overhead.

EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Classification By Objects
2007 Actual and Estimated 2008 and 2009

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Personnel Compensation:			
Alexandria, VA	\$5,628,295	\$5,250,453	\$6,014,316
Field.....	3,535,047	4,349,547	4,489,934
11 Total personnel compensation	9,163,342	9,600,000	10,504,250
12 Personnel benefits.....	1,957,734	2,225,000	2,291,750
Total pers. comp. & benefits	11,121,076	11,825,000	12,796,000
Other Objects:			
13 Former personnel.....	8,778	10,000	10,000
21 Travel and transportation of persons	689,308	600,000	640,000
22 Transportation of things.....	78,124	100,000	120,000
23.2 Rental payments to others.....	38,248	60,000	65,000
23.3 Communications, utilities, and misc. charges.....	396,028	400,000	400,000
24 Printing and reproduction	6,345	10,000	11,000
25.1 Advisory and assistance services.....	344,363	400,000	400,000
25.2 Other services	748,776	594,000	594,000
25.3 Purchases of goods and services from Government Accounts	199,457	200,000	200,000
26 Supplies and materials	159,385	16,000	16,000
31 Equipment	72,550	100,000	100,000
42 Litigation Fees & Awards.....	--	50,000	50,000
43 Interest and Dividends	27,428		
Total other objects	2,768,790	2,540,000	2,606,000
Total direct obligations.....	13,889,866	14,365,000	15,402,000
<u>Position Data:</u>			
Average Salary, GS positions	\$80,833	\$83,258	\$85,756
Average Grade, GS positions	13.1	13.1	13.1

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION
STATUS OF PROGRAM

The National Appeals Division (NAD) is responsible for conducting fair and impartial administrative appeals of adverse decisions issued by certain agencies within the Department of Agriculture.

Current Activities:

Appealability Determinations. When an agency determines that an administrative decision is not appealable, a participant may request the NAD Director review the determination. The Director's decision is administratively final.

Pre-Hearing Conferences. NAD conducts pre-hearing conferences to identify or narrow the issues in the appeal. Pre-hearings help ensure all parties are prepared for the hearing and hearings are impartial and objective.

Hearings and Reviews. NAD conducts impartial administrative appeal hearings and reviews of adverse program decisions made by officers, employees or committees of designated agencies of the Department of Agriculture, and issues determinations in an expeditious manner that reflect a thorough consideration of factual information to reach a proper conclusion. By statute, NAD hears appeals involving program decisions of the Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, Rural Business - Cooperative Service, Rural Housing Service, and the Rural Utilities Service. The Secretary of Agriculture may also assign NAD additional jurisdiction to hear administrative appeals arising from decisions of other parts of USDA.

Selected Examples of Recent Progress:

- Processed 2,521 cases filed with NAD;
- Issued 208 determinations when appellants challenged the agency view that a decision was not appealable. Outcome was favorable to appellants in 91 percent of cases;
- Conducted 1,412 in-person or telephonic hearings, and record reviews;
- Issued 2,373 determinations, of which 1,901 were issued by Hearing Officers and 472 were issued by the NAD Director. Outcome was favorable to Appellants in 29 percent of cases;
- Affirmed the fairness of the USDA appeals process by publishing over 2,500 written determinations on the NAD Web site (http://www.nad.usda.gov/public_search.html);
- Implemented digital recording of pre-hearings and hearings: Over 3,500 have been recorded and indexed in the database for easy employee and management review. When parties request audio recordings, NAD now provides CD's or MP3 audio files;
- Through group employee evaluation sessions, conducted quality assessments of over 500 hearing and review decisions, according to NAD writing standards that have been validated by the Educational Testing Service;
- Continued its outreach campaign (*Face to Face Fairness*) to demonstrate to producers the fairness of the USDA appeals system: Conducted 25 outreach activities (e.g. attended farm shows, conventions, and conferences; conducted agency training; and met with rural colleges and organizations) and disseminated information about NAD's mission, appellant rights, and the USDA appeals process; and
- Conducted a one-week national colloquium at Albuquerque, New Mexico. Topics of training and education included legal theory, decision writing, communications training, and new pre-hearing initiatives.

EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Summary of Budget and Performance
Statement of Goals and Objectives

NAD has one strategic goal and two strategic objectives that contribute to the strategic goals of the Department.

USDA Strategic Goal/Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
NAD supports all the strategic goals of the Department	Agency Goal 1: Issue timely and well-written determinations that correctly interpret applicable regulations.	<u>Objective 1.1:</u> Conduct hearings and issue quality determinations within applicable statutorily-mandated timeframes. <u>Objective 1.2:</u> Issue appeal hearing and review determinations that reviewers have assigned evaluation scores that fall within a standard deviation of 1.0 based on a six-point scale identifying excellence and matters that detract from excellence. This provides an objective evaluation tool for identifying what makes a determination excellent and helps writers achieve excellence in their work.	Hearings Appeals Reviews Planning, Training, and Quality Control	<u>Key Outcome 1:</u> NAD conducts timely hearings and delivers timely determinations. <u>Key Outcome 2:</u> Correct, fair, and readable determinations; reaching the right decision for the right reason.

EXECUTIVE OPERATIONS

NATIONAL APPEALS DIVISION

Strategic Objective and Funding Mix

Strategic Objective 1.1: Conduct hearings and issue quality determinations within applicable statutorily- mandated timeframes.

Strategic Objective 1.2: Issue appeal hearing and review determinations that reviewers have assigned evaluation scores that fall within a standard deviation of 1.0 based on a six-point scale identifying excellence and matters that detract from excellence. This provides an objective evaluation tool for identifying what makes a determination excellent and helps writers achieve excellence in their work.

Strategic Objective and Funding Matrix:
(On basis of appropriation)

	<u>2007 Actual</u>		<u>2008 Estimate</u>			<u>2009 Estimate</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Increase or Decrease</u>	<u>Amount</u>	<u>Staff Years</u>
<u>Strategic Objectives</u>							
<u>1.1 and 1.2</u>							
National Appeals							
Division.....	\$14,285,760	99	\$14,365,000	108	+\$1,037,000	\$15,402,000	108

Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:

- Our expected accomplishments for Appeal Hearings are 1,500
- Our expected accomplishments for Determinations are:
 - Director Review Determinations - 470
 - Appeal Determinations - 2,200
 - Appealability, Timeliness, and Jurisdictional Determinations - 650

Summary of Budget and Performance
Key Performance Outcomes and Measures

Goal 1: Issue timely and well-written determinations that correctly interpret applicable regulations.

Key Outcome 1: NAD conducts timely hearings and delivers timely determinations.

Key Performance Measure:

- Conduct hearings and issue quality determinations within applicable statutorily-mandated timeframes.

Key Outcome 2: Correct, fair, and readable determinations; reaching the eight for the reasons.

Key Performance Measure:

- Certify group evaluations of written NAD hearing and review decisions, when the standard deviation for a population of scores does not exceed 1.0.

Key Performance Target:

Performance Measure	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Target
Conduct hearings and issue quality determinations within applicable timeframes.						
Units:	85%	85%	85%	85%	85%	85%
Certify group evaluations of written NAD hearing and review decisions, when the standard deviation for a population of scores does not exceed 1.0.						
Units:	100%	100%	100%	100%	100%	100%
Total Dollars:	\$13,589,000	\$14,216,352	\$14,228,760	\$14,285,760	\$14,365,000	\$15,402,000

Full Cost by Strategic Objective

(Dollars in Thousands)

Full Cost by Strategic Objective

Strategic Objective 1.1: Conduct hearings and issue quality determinations within applicable statutorily-mandated timeframes.

Strategic Objective 1.2: Issue appeal hearing and review determinations that reviewers have assigned evaluation scores that fall within a standard deviation of 1.0 based on a six-point scale identifying excellence and matters that detract from excellence. This provides an objective evaluation tool for identifying what makes a determination excellent and helps writers achieve excellence in their work.

PROGRAM	PROGRAM ITEMS	Dollars in thousands		
		<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
National Appeals Division	Administrative Costs	\$13,890	\$14,365	\$15,402
	FTE's	99	108	108
	Performance measure: Conduct hearings and issue quality determinations within applicable timeframes.	85%	85%	85%
	Performance measure: Certify group evaluations of written NAD hearing and review decisions, when the standard deviation for a population of scores does not exceed 1.0.	100%	100%	100%

FY 2009 Explanatory Notes

Homeland Security Staff

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HOMELAND SECURITY STAFF

Purpose Statement

The Homeland Security Staff (HSS) provides overall leadership and coordination of programs to plan for and respond to major natural and terrorist emergencies and threats. This involves coordination with mission areas/agencies for policy formulation, response plans, reporting and action assignments to meet acute and major threats to the food and agriculture system and to key USDA assets. It also involves activation of the USDA incident management system and the Federal Response Plan responsibilities in the event of a major incident, oversight of USDA nationwide policies and procedures related to homeland security, and coordination with the Department of Homeland Security and other Federal agencies, public and private organizations.

The general authority of the HSS for managing all activities relating to homeland security is contained in Executive Order 13228 and the Homeland Security Presidential Directive -1.

The staff financed from this appropriation is located in Washington, D.C. As of September 30, 2007, there were 12 full-time permanent employees, and one other than full-time permanent employee.

The HSS did not have any Office of Inspector General or Government Accountability Office evaluation reports during the past year.

Available Funds and Staff Years2007 Actual and Estimated 2008 and 2009

Item	2007 Actual		2008 Estimate		2009 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation.....	\$930,660	6	\$931,000	6	\$2,617,000	16
Rescission.....		--	-7,000	--	--	
Total, Agriculture Appropriations.....	930,660	6	924,000	6	2,617,000	16
Obligations Under USDA Appropriations:						
Radiological Emergency Response Program.....	58,700	1	160,000	1	165,000	1
Emergency Response Coordinator....	148,783	1	160,000	1	165,000	1
Security Detail.....	800,992	2	1,050,000	8	--	--
Total, Other USDA Appropriations...	1,008,475	4	1,370,000	10	330,000	2
Total, Homeland Security Staff.....	1,939,135	10	2,294,000	16	2,947,000	18

HOMELAND SECURITY STAFF

Permanent Positions by Grade and Staff Year Summary

<u>2007 Actual and Estimated 2008 and 2009</u>			
Grade	<u>2007</u> <u>Washington, D.C.</u>	<u>2008</u> <u>Washington, D.C.</u>	<u>2009</u> <u>Washington, D.C.</u>
SES.....	1	1	1
GS-15	1	2	2
GS-14	2	5	7
GS-13	1	6	6
GS-9	1	1	1
GS-7	0	1	1
Total Permanent Positions	6	16	18
Unfilled Positions end-of-year	6	--	--
Total, Permanent Full-Time Employment, end-of-year	12	16	18
Staff Year Estimate.....	10	16	18

Appropriations Language

For necessary expenses of the Homeland Security Staff, [\$931,000] \$2,617,000.

Lead-off Tabular Statement
and Summary of Increases and Decreases

Salaries and Expenses

Appropriations Act, 2008	\$931,000
Budget Estimate, 2009.....	<u>2,617,000</u>
Increase in Appropriation	<u>+1,686,000</u>

Adjustment in FY 2008:

Appropriations Act, 2008	\$931,000
Rescission under P.L 110-161a/	<u>-7,000</u>

Adjusted based for 2008.....	924,000
Budget Estimate, 2009	<u>2,617,000</u>
Increase over adjusted 2008	<u>+1,693,000</u>

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

HOMELAND SECURITY STAFF

Summary of Increases and Decreases
(On basis of appropriation)

<u>Item of Change</u>	<u>2008 Estimate</u>	<u>Pay Costs</u>	<u>Program Change</u>	<u>2009 Estimate</u>
Homeland Security Staff	\$924,000	+\$50,000	+\$1,643,000	\$2,617,000

Project Statement
(On basis of appropriation)

	<u>2007 Actual</u>		<u>2008 Estimate</u>			<u>2009 Estimate</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Increase or Decrease</u>	<u>Amount</u>	<u>Staff Years</u>
Homeland Security Staff....	\$860,600	6	\$924,000	6	+\$1,693,000	\$2,617,000	16
Unobligated Balance.....	70,060	--	--	--	--	--	--
Total Available or Estimate.....	930,660	6	924,000	6	+1,693,000	2,617,000	16
Rescission.....	--	--	+7,000	--			
Total, Appropriation.....	930,660	6	931,000	6			

HOMELAND SECURITY STAFF

Justification of Increases and Decreases

An increase of \$1,693,000 for the Homeland Security Staff (HSS) consisting of:

- (a) A total increase of \$50,000, to fund increased pay costs.

This increase is needed to maintain the current level of staffing to ensure HSS provides leadership and coordination of programs to plan for and respond to major natural and terrorist emergencies and threats. Over 90 percent of HSS funds are needed to cover salary and benefit costs. The proposed funding level is needed to cover pay and benefit cost increases for existing staff.

- (b) An increase of \$1,333,000 and 8 staff years for a Protective Security Detail.

An increase of \$1,333,000 including 8 staff years (1 Special Agent-in-Charge, 1 Deputy Special Agent-in-Charge, 5 Special Agents and 1 Administrative Support staff member) is requested to support the Secretary's Security Protection Detail, which is transferred to the HSS from the Office of Inspector General.

The staff is responsible for conducting advance functions, driving, traveling and daily protection duties for the Secretary and Deputy Secretary when needed. It also provides investigative research and other intelligence functions for the HSS.

- (c) An increase of \$155,000 and 1 staff year for the Plant Biosecurity Policy Coordinator.

An additional GS-14 staff year for a Plant Biosecurity Policy Coordinator is required so that HSS may acquire subject matter expertise, program leadership capabilities, and enhanced policy oversight in the area of plant biosecurity.

HSS is responsible for overseeing homeland security and emergency preparedness-related policies and programs across USDA, and for acting as a liaison on these matters with external partners at the Federal, State, local, Tribal, and industry levels.

Since the office's inception, the level of activities that require oversight and the amount of subject matter expertise needed on hand have dramatically increased. In the past year, HSS has represented the Department at many meetings for each of the 9 White House Policy Coordinating Committees addressing a variety of homeland security and emergency preparedness issues. In order to best represent the Department, HSS has frequently had to "borrow" staff from USDA agencies with subject matter expertise to attend these meetings and represent USDA's interests. This manner of covering meetings and issues results in a lack of consistency, with different officials attending meetings over the course of time. By dedicating one official with plant security expertise to the HSS, the Department will be better represented at these high-level meetings via a consistent voice with perspective from all the related activities that he or she is overseeing for HSS.

The Plant Biosecurity Policy Coordinator would collaborate closely with the multitude of USDA agencies that are responsible for plant biosecurity-related policies and programs (e.g., Animal and Plant Health Inspection Service, Cooperative State Research, Education, and Extension Service, and Agricultural Research Service) to ensure cooperation and coordination across agencies where appropriate and to obtain a complete picture of USDA goals for a given issue. In addition, the individual would have a liaison function with State and private entities.

This proactive approach to coordination and collaboration will enhance USDA's ability to implement Homeland Security Presidential Directives 7 and 9, thereby strengthening agricultural security.

(d) An increase of \$155,000 and 1 staff year for the Food Defense and Biosecurity Policy Coordinator.

An additional staff year for a Food Defense and Biosecurity Policy Coordinator is required so that HSS may acquire subject matter expertise, program leadership capabilities, and enhanced policy oversight in the area of food defense and biosecurity.

HSS is responsible for overseeing homeland security and emergency preparedness-related policies and programs across USDA, and for acting as a liaison on these matters with external partners at the Federal, State, local, Tribal, and industry levels.

Since the office's inception, the level of activities that require oversight and the amount of subject matter expertise needed on hand have dramatically increased. In the past year, HSS has represented the Department at many meeting for White House level Policy Coordinating Committees addressing a variety of homeland security and emergency preparedness issues. In order to best represent the Department, HSS has frequently had to "borrow" staff from USDA agencies with subject matter expertise to attend these meetings and represent USDA's interests. This manner of covering meetings and issues results in a lack of consistency, as different officials attending meetings over the course of the issue. By dedicating one official with food defense and food biosecurity expertise to the HSS, the Department will be better represented at these high-level meetings via a consistent voice with perspective from all the related activities that he or she is overseeing for HSS.

The Food Defense and Biosecurity Policy Coordinator would collaborate closely with the multitude of USDA agencies that are responsible for food defense and biosecurity-related policies and programs (e.g., Food Safety Inspection Service, Food and Nutrition Service, Agricultural Marketing Service, Cooperative State Research, Education, and Extension Service, Farm Service Agency, and Agricultural Research Service) to ensure cooperation and collaboration across agencies where appropriate, and to obtain a complete picture of USDA goals for a given issue. In addition, the individual would have a liaison function with State and private entities. Dedicating an individual to this role will enhance USDA's programs and will allow for increased State and private industry outreach.

USDA also has a unique relationship with the Department of Health and Human Services, specifically with the Food and Drug Administration (FDA). High-level, coordinated, joint projects are often undertaken and developed between FDA and USDA. The projects often reach into multiple USDA agencies, requiring a central USDA office to facilitate the projects. Often the HSS has "borrowed" staff from one of the agencies to coordinate an individual project. However, the lack of a single coordinator has created a lack of consistency from one project to the next.

The Department will benefit from enhanced coordination in the area of food defense and biosecurity. Improving collaboration across agencies will allow for more effective and targeted programs that can leverage successes outside of an individual agency. If internal programs are better coordinated, then the Department will also have an improved ability to address food defense and food biosecurity issues outside of USDA, at venues such as White House Policy Coordinating Committee meetings or other decision making forums.

This proactive approach to coordination and collaboration will enhance USDA's ability to implement Homeland Security Presidential Directives 7 and 9, thereby strengthening agricultural security.

Geographic Breakdown of Obligations and Staff Years2007 Actual and Estimated 2008 and 2009

	2007		2008		2009	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Washington, D.C.	\$860,600	4	\$924,000	6	\$2,617,000	16
Unobligated balance.....	70,060	--	--	--	--	--
Total, Available or Estimate.....	930,660	4	924,000	6	2,617,000	16

Classification By Objects2007 Actual and Estimated 2008 and 2009

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Personnel Compensation:			
Washington, D.C.	\$471,233	\$675,000	\$1,739,000
11 Total personnel compensation.....	471,233	675,000	1,739,000
12 Personnel benefits	92,757	169,000	448,000
Total pers. comp. & benefits	563,990	844,000	2,187,000
Other Objects:			
21 Travel	49,374	38,000	327,000
22 Transportation	115		
23.3 Communications, utilities, and misc. charges	12,698	12,000	11,000
24 Printing and reproduction.....	548	1,000	1,000
25.2 Other services.....	221,429	20,000	77,000
25.3 Purchases of goods and services from Government Accounts			
26 Supplies and materials.....	10,089	8,000	12,000
31 Equipment	2,357	1,000	1,000
Total other objects.....	296,610	80,000	429,000
Total direct obligations	860,600	924,000	2,616,000
<u>Position Data:</u>			
Average Salary, ES positions	\$144,911	\$151,379	\$155,920
Average Salary, GS positions.....	79,635	87,317	100,382
Average Grade, GS positions	13.1	13.4	14.2

2009 Explanatory Notes

Office of Budget and Program Analysis

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EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Purpose Statement

The Office of Budget and Program Analysis (OBPA) was established in June 1981. Its predecessor organization was established on July 8, 1922 (Secretary's Memorandum No. 389), under the provisions of the Budget and Accounting Act of 1921, which designated that a Budget Officer was to have charge of the preparation of estimates and other appropriations for the Department.

The mission of OBPA is to provide analyses and information to the Office of the Secretary and other policy officials to support informed decision-making regarding the Department's programs and policies, budget, legislative, and regulatory actions.

The Office of Budget and Program Analysis is located in Washington, D.C. As of September 30, 2007, there were 56 permanent full-time employees, and 1 other than full-time permanent employee.

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Available Funds and Staff Years
2007 Actual 2008 Estimate and 2009 Estimate

Item	2007 Actual		2008 Estimate		2009 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Direct Appropriation	\$8,270,020	58	\$8,270,000	58	\$9,054,000	62
Rescission	--	--	-58,000	--	--	--
Transferred to WCF.....	-200,000	--	--	--	--	--
Total, Agriculture Available	8,070,020	58	8,212,000	58	9,054,000	62

Permanent Positions by Grade and Staff Year Summary
2007 Actual 2008 Estimate and 2009 Estimate

Grade	2007 Washington, D.C.	2008 Washington, D.C.	2009 Washington, D.C.
ES	6	6	6
GS-15	13	12	13
GS-14	7	7	7
GS-13	14	13	16
GS-12	5	5	5
GS-11	4	4	4
GS-10	1	1	1
GS-9	3	4	4
GS-8	4	3	3
GS-7	1	1	1
GS-3	1	1	1
GS-2	1	1	1
Total Permanent Positions	60	58	62
Unfilled Positions end-of-year	-4	--	--
Total, Permanent Full-Time Employment, end-of-year	56	58	62
Staff Year Estimate	58	58	62

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Appropriations Language

For necessary expenses of the Office of Budget and Program Analysis, [\$8,270,000] \$9,054,000.

Lead-off Tabular Statement
And Summary of Increases and Decreases

Appropriations Act, 2008.....	\$8,270,000
Budget Estimate, 2009	<u>9,054,000</u>
Increase in Appropriation.....	<u>+784,000</u>

Adjustment in 2008:

Appropriations Act, 2008.....	\$8,270,000
Rescission under P.L. 110-161 <u>a/</u>	<u>-58,000</u>

Adjusted Base for 2008.....	8,212,000
Budget Estimate, Current Law, 2009	<u>9,054,000</u>
Increase over adjusted 2008.....	<u>+842,000</u>

a/ The amount is rescinded pursuant to Division A, Title VII, Section 752 of P.L. 110-161.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>2008 Estimate</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>2009 Estimate</u>
Office of Budget and Program Analysis	\$8,212,000	+\$237,000	+\$605,000	\$9,054,000

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Project Statement
(On basis of adjusted appropriation)

	<u>2007 Actual</u>		<u>2008 Estimate</u>		<u>Increase or Decrease</u>	<u>2009 Estimate</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
Office of Budget and Program Analysis.....	\$7,854,757	58	\$8,212,000	58	+\$842,000	\$9,054,000	62
Unobligated Balance.....	215,263	--	--	--	--	--	--
Total Available or Estimate.....	8,070,020	58	8,212,000	58	+842,000	9,054,000	62
Rescission.....	--	--	+58,000	--			
Transfer to Working Capital Fund....	+200,000						
Total, Appropriation...	8,270,020	58	8,270,000	58			

Justification of Increases and Decreases

- (1) An increase of \$842,000 for the Office of Budget and Program Analysis (OBPA) consisting of:

- (a) A total increase of \$237,000 to fund pay costs increased.

The proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available to coordinate the preparation and submission to Congress of a performance based budget, and to provide analyses and information to support decision-making regarding budgetary, legislative, and regulatory proposals. Over 90 percent of OBPA funds are needed to cover salary and benefit costs.

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

(b) An increase of \$605,000 for 4 additional staff years.

Due to absorbing increases in the costs of employees under the Federal Employees Retirement System, pay, and inflation, OBPA has been unable to fill all positions. Between FY 2003 and FY 2007, OBPA staffing declined from 65 to 58; an eleven percent reduction. An increase is necessary to fund 4 analyst staff-years to maintain the ability to provide analyses and information to policy officials to support informed decision-making regarding budgetary, legislative, and regulatory proposals. Lack of resources to support adequate staffing will hinder the quality and timeliness of budget documents and analyses for use by policy officials, Congress, news media, interest groups, and the public. Restoring the office's analytical capability will be especially critical to meet demands associated with implementation of a new Farm Bill.

Geographic Breakdown of Obligations and Staff Years2007 Actual 2008 Estimate and 2009 Estimate

	2007		2008		2009	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	\$7,854,757	58	\$8,212,000	58	9,054,000	62
Unobligated balance.....	215,263	--	--	--	--	--
Total, Available or Estimate	8,070,020	58	8,212,000	58	9,054,000	62

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Classification By Objects
2007 Actual 2008 Estimate and 2009 Estimate

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Personnel Compensation:			
Washington, D.C.	\$5,874,409	\$5,917,000	\$6,401,000
11 Total personnel compensation.....	5,874,409	5,917,000	6,401,000
12 Personnel benefits	1,322,508	1,459,000	1,702,000
Total pers. comp. & benefits.....	7,196,917	7,376,000	8,103,000
Other Objects:			
21 Travel	9,562	10,000	10,000
23.3 Communications, utilities, and misc. charges	96,417	112,000	112,000
24 Printing and reproduction.....	107,114	110,000	110,000
25.2 Other services.....	107,219	301,000	416,000
25.3 Purchases of goods and services from Government Accounts	84,879	176,000	176,000
26 Supplies and materials.....	164,690	100,000	100,000
31 Equipment	87,940	27,000	27,000
42 Litigation Fees and Awards.....	19	--	--
Total other objects.....	657,840	836,000	951,000
Total direct obligations	7,854,757	8,212,000	9,054,000
<u>Position Data:</u>			
Average Salary, ES positions	\$153,715	\$156,874	\$161,147
Average Salary, GS positions.....	\$77,353	\$79,397	\$82,779
Average Grade, GS positions	13.1	13.1	14.1

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

STATUS OF PROGRAM

The Office of Budget and Program Analysis (OBPA) coordinates the preparation of Departmental budget estimates and legislative reports; administers systems for the allotment and apportionment of funds; provides policy, program and budgetary analysis of the United States Department of Agriculture (USDA) programs and proposals; and provides staff assistance to USDA agencies in meeting their responsibility for the development and review of regulations.

OBPA supports the USDA mission of providing “leadership on food, agriculture, natural resources, rural development and related issues based on sound public policy, the best available science, and efficient management” by contributing guidance, sound analysis, and objective information regarding the Department’s budget, programs, and legislative and regulatory actions.

Current Activities:

- Develop and maintain instructions and guidance for budget formulation, presentation and execution;
- Lead the Department’s implementation of the Performance Improvement Initiative, part of the President’s Management Agenda, to improve the integration of budget and performance information including coordinating Program Assessment Rating Tool (PART) evaluations;
- Prepare materials, including the USDA Budget Summary and Annual Performance Plan, and Explanatory Notes, for presentation and justification of the budget to the Congress, news media, interest groups, and the public;
- Develop alternatives and supporting data for use by policy officials in making budget decisions, including reprogramming and reallocation of funding;
- Serve as liaison with the Executive Office of the President and Appropriations Committees of the Congress to explain, justify and defend USDA’s budget request;
- Conduct reviews of current programs, proposed programs, organizational plans, and reorganization proposals, including reviews of problem areas perceived to affect management efficiency, program outcomes, and implementation of Administration policy;
- Ensure agency-developed material requiring action by the Office of the Secretary is analytically-sound and consistent with Administration policy and budget requirements;
- Develop and maintain Departmental Guidance (DM 1260-1) governing the preparation, review, and clearance of the annual legislative program and legislative reports;
- Provide comprehensive analyses of the potential costs and programmatic implications of proposed legislation to assist in the formulation of the Department’s views;
- Coordinate the clearance of legislative proposals and reports, and regulations through USDA policy officials and the Office of Management and Budget (OMB), including responding to inquiries, maintaining transmittal and clearance records, and notifying agencies of policy decisions and OMB action;

- Develop and maintain Departmental Guidance, Regulatory Decision Making Requirements (DR 1512-1), governing the preparation, review and clearance of regulatory actions;
- Review regulatory actions for consistency with regulatory requirements and Executive Orders and prepare analytical and explanatory information for policy officials to facilitate clearance of documents; and,
- Coordinate and provide appropriate assistance in the preparation of the USDA portion of OMB's Regulatory Plan and the Semi-Annual Regulatory Agenda.

Selected Examples of Recent Progress:

Performance Improvement Initiative. In response the Executive Order signed by the President on November 13, 2007, USDA has appointed the Director of OBPA to serve as USDA's Performance Improvement Officer (PIO). The PIO is charged with supervising the performance management activities of the Department and reporting to the Secretary on the implementation of the Executive Order.

OBPA led the Performance Improvement efforts that resulted in achieving all requirements for the Initiative and obtained a "green" score for progress and status. OBPA and agency staff completed 10 fiscal year (FY) 2009 PARTs. Of the 10 PARTs, one was rated "Effective," two were rated "Moderately Effective," six were rated "Adequate," and two were rated "Results Not Demonstrated" (RND). USDA currently has a total of 12 programs rated RND – an overall reduction of one program rated RND from last year. Based on actual funding levels for FY 2007, just over 3 percent of funding for USDA programs is associated with programs rated RND. OBPA also produces and contributes to reports for policy officials on Department-wide financial and performance information.

Budget Summary and Related Information. OBPA revised the annual Budget Summary to include program results and other performance information for key measures that support the Department's Strategic Objectives. The Budget Summary and Annual Performance Plan 2008 provides an overview of the Department's Strategic Plan and provides funding highlights by the Strategic Goals. In addition, the document provides historical information and performance targets for key performance measures. The Budget Summary and Annual Performance Plan was released to the public on February 5, 2007 and is available at <http://www.obpa.usda.gov/budsum/fy08budsum.pdf>.

Review of Regulatory Actions. In fiscal year 2007, OBPA was actively involved in the review and clearance of 278 regulatory workplans and 318 regulations including high priority regulations involving: disaster assistance, revision to the Women, Infants, and Children food package, as well as a streamlined process by which the U.S. market is opened up to foreign fruit and vegetable imports while still allowing a transparent risk analysis process. These regulations were reviewed for consistency with USDA statutory, policy, and budgetary objectives and to ensure conformance with substantive and procedural requirements of law, applicable Executive Orders and other regulations that govern the rulemaking process.

Review of Legislative Actions. During fiscal year 2007, OBPA assisted in the preparation and review of 350 legislative reports. These reports were reviewed to ensure consistency with the program, policy and budgetary objectives of the Administration; based on adequate analysis, and programmatic soundness. In addition, OBPA assisted in the analysis, clearance and transmittal to Congress of the Department's budget proposals for fiscal year 2008. This included proposed Federal crop insurance participation user fee, land disposal and forest county safety net payments, and multi-family housing revitalization initiative legislation.

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Summary of Budget and Performance
Statement of Goals and Objectives

OBPA has one goal and three objectives that contribute to the strategic goals of the Department.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
OBPA supports all Departmental goals.	Agency Goal 1: Support the USDA mission of providing “leadership on food, agriculture, natural resources, rural development and related issues based on sound public policy, the best available science, and efficient management” by contributing guidance, sound analysis, and objective information regarding the Department’s budget, programs, and legislative and regulatory actions.	<u>Objective 1.1:</u> Assist the Office of the Secretary and other policy officials in decision-making and policy implementation by providing objective information and analyses regarding the Department’s programs and policies.	N/A	<u>Key Outcome 1:</u> The Secretary and other policy officials have the objective information necessary to make informed policy decisions in a timely manner.
		<u>Objective 1.2:</u> Ensure the Department’s budget is consistent with policy decisions and that resources are allocated to agencies consistent with priorities and is presented with associated performance information and linkages to the USDA Strategic Plan, and applicable laws.	N/A	<u>Key Outcome 2:</u> The final Departmental budget is consistent with policy decisions and allocates resources to agencies according to priorities and is presented with associated performance information and linkages to the USDA Strategic Plan, and applicable laws.
		<u>Objective 1.3:</u> Ensure the Department’s legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.	N/A	<u>Key Outcome 3:</u> The Department’s legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Strategic Objective and Funding Mix

STRATEGIC OBJECTIVE 1.1: Assist the Office of the Secretary and other policy officials in decision-making and policy implementation by providing objective information and analyses regarding the Department's programs and policies.

STRATEGIC OBJECTIVE 1.2: Ensure the Department's Budget is consistent with policy decisions and that resources are allocated to agencies consistent with priorities, performance, and applicable laws.

STRATEGIC OBJECTIVE 1.3: Ensure the Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Strategic Objective and Funding Matrix:
(On basis of appropriation)

	<u>2007 Actual</u>		<u>2008 Estimate</u>			<u>2009 Estimate</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Increase or Decrease</u>	<u>Amount</u>	<u>Staff Years</u>
<u>Strategic Objective 1.1</u>							
Assist the Office of the Secretary and other policy officials in decision-making and policy implementation by providing objective information and analyses regarding the Department's programs and policies	\$2,648,645	19	\$2,760,000	19	+\$296,000	\$3,056,000	21
<u>Strategic Objective 1.2</u>							
Ensure the Department's Budget is consistent with policy decisions and that resources are allocated to agencies consistent with priorities, performance information and linkages to the USDA Strategic Plan, and applicable laws	2,896,815	21	2,945,000	21	+482,000	3,427,000	23
<u>Strategic Objective 1.3</u>							
Ensure the Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy	2,524,560	18	2,507,000	18	+64,000	2,571,000	18
Total, Available	8,070,020	58	8,212,000	58	+842,000	9,054,000	62

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Selected Accomplishments Expected at the FY 2009 Proposed Resource Level:

- Assist policy makers in decision-making and policy implementation.
- Make significant contributions to the relevance and accuracy of controlled correspondence.
- Meet Circular A-11 requirements and submit budget materials to the Office of Management and Budget (OMB) and Congress on time.
- Complete 98 percent of regulatory reviews on time.
- Review and clear 80 percent of legislative reports within 3 days.

Key Performance Outcomes and Measures

Goal 1: Support the USDA mission of providing “leadership on food, agriculture, natural resources, rural development and related issues based on sound public policy, the best available science, and efficient management” by contributing guidance, sound analysis, and objective information regarding the Department’s budget, programs, and legislative and regulatory actions.

Key Outcome 1: The Secretary and other policy officials have the objective information necessary to make informed policy decisions in a timely manner.

Key Performance Measures:

- Yearly effectiveness rating in assisting policymakers in decision-making and policy implementation, as evidenced by annual informal assessment.
- Significant contribution made to the relevance and accuracy of controlled correspondence.

Key Performance Target: Effective in assisting policymakers in decision-making and policy implementation.

Key Outcome 2: The final Departmental budget is consistent with policy decisions and allocates resources to agencies according to priorities, performance and applicable laws.

Key Performance Measures:

- Relevant, accurate, and timely materials produced to present and support the budget.
- Meet Departmental Budget and Performance Integration Goals of President’s Management Agenda.

Key Performance Target: Meet Circular A-11 requirements and the budget will be submitted to OMB and Congress on time.

Key Outcome 3: The Department’s legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Key Performance Measure:

- USDA legislative and regulatory proposals are reviewed and cleared within the assigned OBPA timeframe.

Key Performance Target:

Performance Measure	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2008 Target
Percent of legislative reports are reviewed and cleared in 3 days or less.	80%	80%	80%	80%	80%	80%
Percent of regulatory reviews are completed within established timeframes.	98%	98%	98%	98%	98%	98%

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

Full Cost by Agency Strategic Objective				
PROGRAM	PROGRAM ITEMS	Dollars in thousands		
		FY 2007	FY 2008	FY 2009
Strategic Objective 1.1: Assist the Office of the Secretary and other policy officials in decision-making and policy implementation by providing objective information and analyses regarding the Department's programs and policies.				
	Administrative Costs (Direct)	\$2,649	\$2,760	\$3,056
	Performance Measure:			
	Percent of legislative reports reviewed and cleared in 3 days or less	80%	80%	80%
	Percent of Regulatory reviews completed within established timeframes	98%	98%	98%
	FTE	19	19	21
Strategic Objective 1.2: Ensure the Department's Budget is consistent with policy decisions and that resources are allocated to agencies consistent with priorities, performance, and applicable laws.				
	Administrative Costs (Direct)	\$2,897	\$2,945	\$3,427
	Performance Measure:			
	Percent of legislative reports reviewed and cleared in 3 days or less	80%	80%	80%
	Percent of Regulatory reviews completed within established timeframes	98%	98%	98%
	FTE	21	21	23
Strategic Objective 1.3: Ensure the Department's legislative proposals and regulatory actions are analytically sound and consistent with Departmental and Administration policy.				
	Administrative Costs (Direct)	2,524	2,507	2,571
	Performance Measure:			
	Percent of legislative reports reviewed and cleared in 3 days or less	80%	80%	80%
	Percent of Regulatory reviews completed within established timeframes	98%	98%	98%
	FTE	18	18	18
	Total Cost all Strategic Objectives	\$8,070	\$8,212	\$9,054
	Total FTEs	58	58	62